

The complaint

Mr W is unhappy that Millenium Insurance Company Limited refused to pay a claim he made on his income protection policy and avoided his policy.

What happened

Mr W took out an income protection policy in early January 2024. Shortly afterwards he needed to claim on the policy when he was unfortunately made redundant.

Millenium declined the claim and cancelled the policy, but refunded Mr W's premiums. They said that Mr W hadn't answered a question they asked about potential redundancies correctly. And they considered this to be a careless qualifying misrepresentation which entitled them to decline the claim, avoid the policy and refund the premiums.

Mr W made a complaint to the Financial Ombudsman Service and our investigator thought it shouldn't be upheld. She thought Millenium had acted fairly when declining the claim and cancelling the policy from inception as she thought they'd presented enough evidence to demonstrate that Mr W was most likely aware of the possibility of redundancies.

Mr W didn't agree and asked an ombudsman to review the complaint. He says he wasn't aware of the threat of redundancy and, in summary, that the evidence Millenium relied on was very general considering the size and scale of the company he worked for. So, the complaint was passed to me to make a decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm sorry to read of the circumstances which led to Mr W making a claim. I can appreciate that it was a worrying and difficult time when he was made redundant.

The relevant law in this case is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer.

And if a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is - what CIDRA describes as - a qualifying misrepresentation. For it to be a qualifying misrepresentation the insurer has to show it would have offered the policy on different terms or not at all if the consumer hadn't made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

Millenium thinks Mr W failed to take reasonable care not to make a misrepresentation when he was asked the following questions:

Do you know of any redundancies, restructure, reorganisation, formal or informal consultations, financial or contractual threats within the organisation you work in, even if you do not believe these actions will result in you becoming unemployed?

Are you aware of any impending unemployment or a risk you may become unemployed?

Mr W answered 'no' to these questions but Millenium thinks he ought to have answered 'yes'. Based on the available evidence I'm satisfied that Millenium have fairly reached that conclusion.

On balance, I think the evidence Millenium has presented demonstrates that there was ongoing information in the public domain in relation to redundancies and restructuring in the company Mr W was working for. I appreciate that Mr W worked for a global company and that he'd not had any communications personally which suggested his team or role could be affected. But, overall, I think he ought reasonably to have been aware that there was a risk of redundancy or unemployment. Given the nature and scale of the issues reported I don't think this was a generalised threat which Mr W is likely to have been unaware of.

Millenium has provided evidence that if Mr W had answered 'yes' to these questions then he wouldn't have been eligible to take out the policy. This means I'm satisfied Mr W's misrepresentation was a qualifying one.

Millenium says that Mr W's misrepresentation was careless. I think that's reasonable as I don't think Mr W intentionally misled Millenium. I think it's more likely he failed to appreciate the significance of the question and/or his company's recent history to Millenium. As I'm satisfied Mr W's misrepresentation was careless I've looked at the actions Millenium can take in line with CIDRA.

CIDRA says that Millenium is entitled to decline the claim, avoid the policy and return any unused premiums. That is what Millenium has done and so I'm satisfied they've acted in line with the relevant legislation.

Taking all of the above into account I don't think it's fair and reasonable to uphold Mr W's complaint.

My final decision

I'm not upholding Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 14 October 2025.

Anna Wilshaw
Ombudsman