

The complaint

Mr J complains because Legal and General Assurance Society Limited ('L&G') refused to consider a claim for terminal illness benefit under his term assurance policy.

What happened

Mr J took out a term assurance policy with L&G in 2000. The policy ended in October 2025.

Very sadly, Mr J was diagnosed with a terminal illness earlier in 2025 and tried to make a claim under the policy. L&G said the terms and conditions of Mr J's policy didn't cover claims for terminal illness benefit in the 18 months before the policy ended.

Unhappy, Mr J brought a complaint to the attention of our Service.

One of our Investigators looked into what had happened and said she didn't think L&G had acted unfairly or unreasonably in the circumstances. Mr J didn't agree with our Investigator's opinion, so the complaint has been referred to me to make a decision as the final stage in our process.

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 very sorry to hear about the sad events which led to this complaint. I can't imagine the difficult time which Mr J and his family are going through.

My role is to reach an independent and impartial decision which I think is fair and reasonable to both parties to the complaint. In doing so, I've had regard to relevant industry rules set out by the regulator (the Financial Conduct Authority ('FCA')) which say, amongst other things, that insurers must handle claims fairly and shouldn't unreasonably reject a claim.

I've carefully thought about all of Mr J's submissions. In particular, he has referenced the FCA's 'Review of terminal illness benefits within life insurance protection products' from October 2023. The review stated that insurers should review the suitability of policy terms like the one L&G has relied on here, and that insurers retaining such terms should have a clear basis for how doing so is consistent with the delivery of good outcomes under the Consumer Duty. Mr J's policy started long before the Review, and before Consumer Duty principles came into force. I've taken the Review into account when making my final decision, but this is just one factor in deciding what I think is fair and reasonable in the overall circumstances of the complaint.

The terms and conditions of Mr J's policy with L&G didn't allow a claim for terminal illness to be made in the 18 months before the policy end date. This wasn't an unusual exclusion in the market, and I don't think it was an unreasonable one at the time the policy was taken out. The exclusion is mentioned in the 'Key Features' document which L&G says was sent to Mr J in 2000, and in the application form for the policy which Mr J completed.

L&G no longer has a copy of the terms and conditions of Mr J's policy. While it would, of course, be helpful if L&G still had these, it wouldn't be fair or reasonable to draw any adverse inferences into L&G's inability to provide the terms and conditions some 25 years later. L&G has provided a copy of an extract from its underwriting guide, which I'm satisfied demonstrates that policies at the time Mr J's started didn't pay a terminal illness benefit within the last 18 months. The fact that L&G can't produce policy terms and conditions doesn't mean it would be fair and reasonable for it to consider a claim which I think it has otherwise demonstrated isn't covered under the policy.

L&G says both the 'Key Features' and the policy terms and conditions would have been sent to Mr J in 2000. I have no way of knowing for certain whether this happened, but I think it's reasonable to assume Mr J is likely to have been sent these and, if he didn't receive them, that he would have contacted L&G to query this at some point in the intervening years.

I understand Mr J says the policy inception letter he was sent, and subsequent reminder letters, didn't mention this exclusion. I don't think they needed to. And, even if I were to accept that a specific notification about the 18-month limit may have prompted Mr J to review his cover requirements, I'm not persuaded it's likely Mr J would have been able to find alternative cover elsewhere that didn't have what was an extremely common limitation at the time. I don't think there was any requirement for L&G to notify Mr J that the 18-month limit was approaching either.

Information available on L&G's website about recent life insurance documentation isn't relevant to the policy which Mr J held. The level of cover which L&G offers to policyholders now doesn't mean it's unfair or unreasonable for it to apply the terms of the contractual agreement which Mr J entered into at a time when regulatory standards and good industry practice were different. There was no binding requirement on L&G to remove the exclusion from its existing policies, and I can't seek to punish it for what Mr J feels is its decision to ignore regulatory recommendations.

I understand Mr J's argument that, if he had chosen alternative options for treatment of his condition, L&G may have been liable for a life insurance claim before the policy ended. However, I can only base my decision on the facts of the case as they actually happened and not on what might have happened.

This means, overall, I don't think L&G acted unfairly or unreasonably in the circumstances.

I'm sorry to disappoint Mr J and I don't underestimate the detrimental effect this situation has had on him and his family. I know this won't be the outcome Mr J was hoping for, but I won't be directing L&G to do anything more.

My final decision

My final decision is that I don't uphold Mr J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 5 January 2026.

Leah Nagle
Ombudsman