

complaint

Mrs C is complaining about Scottish Friendly Assurance Society Limited because it didn't pay a claim on her critical illness insurance policy. She's also unhappy with the time it took to decide.

background

Mrs C took out a life insurance policy in March 2014. In September 2014, she added critical illness cover to the policy. Sadly, she suffered a serious illness very shortly after. Scottish Friendly didn't pay out because the policy includes a clause saying it won't cover any illness arising in the first three months.

Our adjudicator recommended the complaint be upheld in part. She was satisfied Scottish Friendly was entitled to decline the claim because Mrs C became ill during the three-month waiting period. But she thought it should have told her it was declining the claim much sooner and recommended compensation of £350. Scottish Friendly had previously offered a much lower amount.

Mrs C disagreed and asked for her complaint to be reviewed. She still thinks the claim should be paid.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I agree with the adjudicator's conclusions for much the same reasons. I'm upholding this complaint in part.

The policy terms include a condition saying critical illness cover has a three-month waiting period after it's added. In simple terms, this meant Mrs C wouldn't be able to claim for any illness that started before she'd had the critical illness cover for three months. I've read the policy terms and I'm satisfied this condition is clear.

There's no doubt Mrs C suffered a very serious illness and I appreciate things must have been extremely difficult for her. The issue here is that any illness suffered during the waiting period, however serious, simply wasn't covered. For that reason, there's no benefit in reviewing medical evidence from the time or more recently relating to this particular illness.

This notwithstanding, I do think Scottish Friendly should have handled the situation much better. Mrs C claimed in November 2014, at which time it should have identified the cover was still in the waiting period. Instead, it took until April 2015 before the claim was declined.

I think this delay, coming at a time when Mrs C was seriously ill, would only have made an already unpleasant situation much worse and that Scottish Friendly should pay compensation for the unnecessary trouble and upset caused. The amount to award is difficult to assess, but in the circumstances of this case I'm satisfied a moderate amount of £350 is fair.

my final decision

My final decision is that I partly uphold this complaint.

If she accepts my decision, Scottish Friendly Assurance Society Limited must pay Mrs C compensation of £350 less any amount she already received following its own investigation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 15 February 2016.

Jim Biles
ombudsman