complaint

Mrs B is complaining about The Royal London Mutual Insurance Society Limited because it declined her claim on her life insurance for waiver of premium benefit (“WOP”) and cancelled it from the policy.

background

In June 2008, Mrs B took a level term life insurance policy designed to pay out on her death. It also included WOP, which was designed to pay out if she became unable to carry out a number of key activities of daily working.

In 2013, Mrs B claimed because she’d been out of work for some time. In assessing her claim, Royal London found information about her medical history that it thought she should have disclosed in her application. If she had done, it said it would still have offered her life cover at the same cost, but would have refused WOP. Going forward, it reduced the monthly premium by the cost of the WOP and returned the relevant part of each premium Mrs B had paid since the policy started.

I previously issued my provisional decision explaining why I didn’t think this complaint should be upheld. An extract is attached and forms part of this decision.

Mrs B disagrees, saying she’s never been diagnosed with a major depressive illness and wasn’t on medication at the time of her application. She says her symptoms were the result of a separate physical condition that’s now been diagnosed.

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 reconsidered the case, including Mrs B’s response to my provisional decision, my conclusions haven’t changed. I’m not upholding this complaint.

Mrs B signed to confirm the details in her application were correct in July 2008. Only three months earlier, a consultant psychiatrist wrote to her GP saying:

- he met with Mrs B in March 2008;
- she’d been seeing another psychologist for a number of months previously;
- she’d been on anti-depressant medication for a number of years, which he recommended she continue for another one to two years; and
- she’d had clear episodes of depression in the past that happened on an almost annual basis.

In my view, this evidence suggests Mrs B should have answered a clear question about whether she’d ever had depression differently. But even if I accept she answered that correctly, there were other questions that should have prompted her to provide more information. Dr C’s comments suggest she was on medication when she applied for the policy. But even if she wasn’t, they’re clear evidence she’d had medical consultations in the previous three years that should have been disclosed.

Even if Mrs B had only answered the final question about medical consultations differently, I think this would have led to Royal London finding out about her medical history. While I appreciate later developments may show this not to be the case, at the time it had to consider her application the medical evidence indicates a history of depression. In the circumstances, I'm satisfied it would have been reasonable for Royal London to consider whether to offer cover on that basis.

Royal London has provided evidence to show that based on what was thought to be the cause of her problems at the time, it wouldn't have offered Mrs B WOP benefit. And I'm satisfied it's taken reasonable steps to put her back in the position that would have existed if it hadn't been added to the policy.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 19 February 2016.

Jim Biles
ombudsman

extract from provisional decision:

my provisional findings

The application, which I understand Mrs B completed online, asked the following question, to which she answered “no”:

> *Do you or have you ever had depression, anxiety, stress, chronic fatigue, suicide attempt?*

When reviewing her medical records to assess her WOP claim, Royal London found evidence that it believed showed she’d been suffering from depression for a long time. In particular, it referred to a letter from a consultant psychiatrist, Dr C, dated April 2008. This said:

- he met with Mrs B in March 2008;
- she’d been seeing another psychologist for a number of months previously;
- she’d been on anti-depressant medication for a number of years, which he recommended she continue; and
- she’d had clear episodes of depression in the past that happened on an almost annual basis.

On balance, I’m satisfied the application question was sufficiently clear and I think Mrs B probably should have answered if differently. If she had done, Royal London has provided evidence from its underwriting guidance to show it would have sought further information and ultimately refused WOP.

Mrs B doesn’t think she suffered from depression, but I don’t think her view is supported by this medical evidence. I’m also conscious the application asked the following additional questions to which she also answered “no”:

> *Have you had any medical consultations in the last 3 years regarding a condition you have NOT already disclosed? (medical consultations would include your GP, a specialist, consultant, chiropractor, osteopath; counsellor, etc)*

and

> *Are you currently on any medication or having any treatment?*

Even if I did accept Mrs B answered the depression question correctly, I think her medical records show she should have disclosed her ongoing treatment and medication. These were happening either at the time or very shortly before she applied for the policy and I don’t think it’s likely she could have forgotten about them. If she had answered these questions correctly, I’m satisfied Royal London’s further enquiries would have led to WOP being refused.

Royal London made reasonable efforts to ensure it had the correct information before arranging Mrs B’s policy. As well as asking her to complete the application, it also sent a copy for her to check and she appears to have signed to confirm the information it contained was accurate.

Taking the above points into account, I currently think Mrs B should have completed the application differently. If she had done, Royal London would have offered her a policy on different terms, without WOP. To address this, it cancelled the WOP and refunded the money Mrs B paid for it. It said her life cover could continue at a slightly reduced premium as she’d no longer be paying for WOP. In this way Royal London returned Mrs B’s policy to the position it would be in if she’d answered the application correctly. I’m currently satisfied that was a fair and reasonable approach in the circumstances.

my provisional decision

My provisional decision is that I don’t currently intend to uphold this complaint.