

## complaint

Mrs M is representing the estate of the late Mrs N. Her husband has corresponded with us on Mrs M's behalf. She's complaining because Scottish Equitable Plc (trading as Aegon) refused to pay out on a life insurance policy despite the fact Mrs N was diagnosed as terminally ill before it ended.

## background

Mrs M took out a term life insurance policy in October 2007. It was set up to run for a term of seven years, ending on 24 October 2014, and was designed to pay out on death before that date. It also included a terminal illness benefit.

Sadly, Mrs N died in April 2015 – after the policy ended. But I understand she'd been ill for some time before that. Mrs M found the policy after her death, but Aegon declined a claim for the terminal illness benefit. It wouldn't consider the claim because it was made after the policy ended and said Mrs N's consultant wouldn't now be able to confirm she wasn't expected to live beyond that date.

Our adjudicator didn't recommend the complaint be upheld. She felt Aegon acted in line with the policy conditions and also that there wasn't enough evidence to show Mrs N's condition would have met the requirements for a claim to be paid before the policy ended. Mr M didn't accept her conclusions and asked for the complaint to be reviewed.

## 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 not upholding this complaint.

I understand the policy was sold by an independent broker and not a representative of Aegon. If Mrs M still has concerns about the sale, she'd need to raise these with the broker first. She'd be able to refer her concerns to us as a separate complaint if she's dissatisfied with its response.

The policy was primarily designed to pay out if Mrs N died before the end of the term. The terminal illness benefit was a way by which the death benefit could be paid early if she was diagnosed as terminally ill before then. The policy conditions defined a terminal illness as an:

*advanced or rapidly progressing incurable illness where, in the opinions of an attending Consultant and Scottish Equitable's Chief Medical Officer, the life expectancy is no greater than 12 months.*

Mrs M's policy schedule explained that:

*no benefit will be paid for a terminal illness which is diagnosed after 24 October 2013.*

That date was a year before the policy was due to end. The policy conditions also say:

*Scottish Equitable will not pay the Benefit Amount in respect of any claim based on the Terminal Illness of the Life Assured where written notification of the Terminal*

*Illness is not received by Scottish Equitable prior to either the date of death of the Life Assured in respect of whom the claim relates or the Benefit End Date, whichever is earlier.*

This means that for a claim to be paid, Mrs N's consultant would have had to diagnose that she wasn't expected to live for more than 12 months. And he would have needed to make this diagnosis at least a year before the policy ended in October 2014.

I understand Mrs N was very ill, but no medical evidence has been provided to show these requirements were met. And I agree with Aegon that since she survived several months after the policy finished, it would now be very difficult for a consultant to say there was a point when they were. I expect it was with this sort of situation in mind that the policy says a terminal illness claim won't be considered after the date of death.

I appreciate the circumstances of this case and the reason a claim wasn't made earlier are very unfortunate. But for the reasons I've explained, I really don't think I can reasonably say Aegon has acted outside of the policy conditions or that the relevant requirements were present for the claim to be paid even if it had been made sooner.

### **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 M to accept or reject my decision before 13 November 2015.

Jim Biles  
**ombudsman**