

complaint

Mrs H is unhappy that Scottish Widows (through its claims administrator Lloyds TSB Insurance) has declined claims for the payment of critical illness and accident and sickness benefit made under the terms of a payment protection insurance (PPI) policy.

background

Mrs H took out the PPI policy in 2007 to protect the monthly repayments due under a loan in the event she suffered an accident, sickness or involuntary unemployment. The policy also provided for repayment of the loan in the event of Mrs H's death or if she was diagnosed with one of a number of specified critical illnesses. The payment of any benefit was subject to the various policy terms and conditions.

In 2010 Mrs H made a claim for critical illness benefit saying she had suffered a stroke and this was one of the critical illnesses listed within the PPI policy terms and conditions.

Scottish Widows considered the claim but while it acknowledged that some brain tissue death had occurred, as was required for a successful critical illness claim for stroke, it said this had not been caused by either an inadequate blood supply or haemorrhaging. And that this was also required to meet the policy definition of a stroke.

Scottish Widows also said that monthly accident and sickness benefit was not payable as Mrs H was not in employment at the date she became medically unfit to work and this was necessary in order for a claim to succeed.

Dissatisfied with this outcome Mrs H referred the matter to this Service. Our adjudicator investigated the matter and concluded that Scottish Widows had correctly applied the relevant policy terms and conditions.

Mrs H appealed against the adjudicator's view and so the file has been passed to me to review and issue my determination. This is the final stage of our process.

my findings

I have borne in mind the terms of the insurance contract, the law and good insurance practice and have also considered all of the evidence and arguments from the outset, in order to decide what is fair and reasonable in the particular circumstances of this complaint. Having done so, I have reached the same conclusion as the adjudicator. I explain why below.

Insurers are generally free to decide which particular risks they are prepared to cover and outline these in the policy terms and conditions. In my view there is nothing inherently wrong, or contrary to law, in an insurer restricting the circumstances as to when a claim will be admitted.

The critical illness benefit provided by this PPI policy is limited to those illnesses listed in the policy terms and conditions. And for some of those illnesses, like a stroke, cover is further restricted. The policy definition of a 'stroke' is:

“Death of brain tissue due to inadequate blood supply or haemorrhage within the skull resulting in permanent neurological deficit with persisting clinical symptoms...”

What this means is that in order for Mrs H to have a valid claim for a stroke, she needed to have experienced the death of brain tissue *and* this needed to be as a result of inadequate blood supply or haemorrhage within the skull resulting in permanent symptoms.

Having carefully considered the medical evidence, including the comments of Mrs H's attending doctors, it does not seem to me that her circumstances satisfy the necessary requirements for a successful critical illness claim. While I accept the evidence that brain tissue death has occurred and Mrs H has suffered neurological deficit with persisting clinical symptoms, the medical evidence does not suggest to me that the underlying cause was an inadequate blood supply to the affected tissue or a haemorrhage.

Bearing all of the above in mind, it does not seem to me that the policy definition of a stroke has been met.

In relation to the possibility of a claim for accident and sickness benefit, the relevant policy term says:

“You will not be eligible to claim Accident or Sickness benefit if...

4. You are unemployed, unless already claiming unemployment benefit under this loan protection insurance policy.”

It is not disputed that Mrs H was not in employment at the date of her claim (or at the time she became medically unfit to work). So I am satisfied that she is unable to successfully claim for accident and sickness benefit either.

Overall, while I have natural sympathy for the position in which Mrs H now finds herself and do not doubt the severity of her illness, it would not be fair and reasonable to uphold this complaint. Mrs H does not seem to have met the situations Scottish Widows was prepared to cover so it is able to decline the claims under its policy terms and conditions. And there is nothing about the particular circumstances which suggest to me it would be unfair or unreasonable for it to do so.

Finally, I understand Mrs H also has concerns about the way this PPI policy was first sold to her. I have only considered the actions and responsibilities of Scottish Widows in its capacity as underwriter of the insurance in this decision. We will be in touch with Mrs H separately about the sale of the PPI policy in due course.

my final decision

It is my final decision not to uphold Mrs H's complaint and I make no award against Scottish Widows.

Graham Booth
ombudsman