

complaint

Mrs C has complained about The Royal London Mutual Insurance Society Limited's ('Royal London') decision not to consider a claim under her life and critical illness insurance policy.

background

In 2006, Mrs C took out a 'Self Assurance' plan which provided life and critical illness cover. The policy provided level cover of £119,000 over a term of 25 years.

In August 2014 Mrs C was diagnosed with a serious illness, which left her in intensive care for around four weeks. Mrs C's husband telephoned to see whether a claim could be made under the policy but was told her illness wasn't covered.

In 2015 Mrs C raised a complaint. She felt Royal London should've allowed her to claim because more recent policies would pay the critical illness benefit if the policyholder had been in intensive care for more than 10 days. She said Royal London hadn't told her about newer insurance products or amendments to the cover she had taken out.

Royal London didn't change its decision so Mrs C referred her complaint to this service. Mrs C accepts that intensive care cover doesn't form part of her policy. But she thinks it would be fair for Royal London to consider a claim under this definition.

Our adjudicator didn't think Mrs C's complaint should be upheld. She felt that as Mrs C's policy didn't include intensive care cover, Royal London couldn't be expected to consider a claim for this. Also, she didn't feel it would be reasonable to expect a business to notify all of its customers about new products that become available.

Mrs C disagreed. She says Royal London is not being fair and is using a technicality to refuse an otherwise valid claim.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I should first say that I'm sorry to hear about Mrs C's ill health. I appreciate that not being able to claim on the policy she'd taken to protect herself in these circumstances must be upsetting. But I do think it was fair for Royal London not to consider a claim as her illness isn't one of the conditions covered by her policy.

Although Mrs C accepts that her policy, taken in 2006, doesn't provide cover for intensive care, she thinks it would still be fair for it to pay her claim. I've considered this point but I don't agree. I'll explain why.

When Mrs C took out her policy, the premium was set based on her health and the cover she'd applied for. This was limited to around 28 illnesses and operations, as well as cover for total and permanent disability. I appreciate that it must be very frustrating for Mrs C to find out that she would've been covered under a newer version of her policy. But I don't think it

would be fair to ask Royal London to pay her claim outside of the terms and conditions of her policy as she hasn't paid for this cover.

I've taken into account Mrs C's comments that policies should be updated when new conditions are covered. But I also don't think this would be fair. An application for life and/or critical illness insurance is based on the applicant's health at the time. If an applicant's medical history shows that they are more at risk of developing certain illnesses then the insurer can increase their premium, exclude parts of the cover or decline the application completely. So, it wouldn't be reasonable to add illnesses to the cover throughout the life time of the policy because the applicant's health could've changed or they could be more at risk of developing those conditions.

For the same reason I don't think Royal London had a duty to tell Mrs C about newer products. This is because her premiums would've likely increased as she got older and her health could've changed. So she might not have been able to get the newer cover or could've had conditions excluded. It's also worth noting that because of advances in medicine, some illnesses or operations covered by her policy have had their definitions changed and could be more difficult to satisfy. This is because such illnesses are thought to be more treatable and so less critical.

my final decision

For the reasons set out above, I don't uphold Mrs C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 4 January 2016.

Hannah Wise
ombudsman