

The complaint

Mr Q, Mrs Q, Mr Q and Mrs L as trustees of the B Trust (the trustees) complain that ReAssure Limited declined a claim on their life assurance policies.

What happened

Mr and Mrs Q first took out a life assurance policy which started on 24 October 2000. They subsequently took out top-up policies in 2003, 2009, 2010, 2012 and 2015. The policies weren't initially taken out with ReAssure but they attained them more recently. The policies were originally held with Legal & General.

I'm sorry to hear that Mr Q is unwell. He's currently suffering from dementia as well as heart and kidney failure.

In April 2022, the trustees contacted ReAssure to make a claim. They wanted to claim under the terminal illness benefit of the policy. ReAssure declined the claim and informed the trustees that the policy didn't have either critical illness or terminal illness cover. The trustees didn't agree and raised a complaint. ReAssure didn't change their response and so the trustees brought the complaint to our service.

Our investigator didn't think ReAssure had done anything wrong. They agreed that there wasn't evidence to support the policies included terminal illness. The trustees said that terminal illness was ticked on the application and discussed at the point of sale. As agreement couldn't be reached, the complaint has passed to me to decide.

What I provisionally decided – and why

In my provisional decision, I said:

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

Based on what I've seen so far, I don't intend to uphold this complaint.

At the outset I acknowledge that I've summarised their complaint in far less detail than the trustees have, and in my own words. I'm not going to respond to every single point made. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. The rules that govern the Financial Ombudsman Service allow me to do this as it's an informal dispute resolution service. If there's something I've not mentioned, it isn't because I've overlooked it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach an outcome in line with my statutory remit.

When considering complaints such as this, I need to consider the relevant law, rules and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly and fairly, and not unreasonably decline it. So, I've thought about whether ReAssure acted in line with these requirements when it declined to settle the trustees' claim.

As part of this complaint, the trustees have raised about ReAssure not including terminal illness as part of the policy. The Financial Ombudsman Service can't consider every complaint that's brought to us. There are rules that we must follow which determine what complaints we can and can't look into. These are set by the financial regulator, the Financial Conduct Authority (FCA). These rules are called the Dispute Resolution (DISP) Rules and are set out in the FCA's handbook, which can be found on their website.

The Rules setting out which complaints this service can and cannot consider can be found at DISP 2.8.2R, the relevant parts of which say as follows:

"The Ombudsman cannot consider a complaint if the complainant refers it to [us]:

(2) more than:

(a) six years after the event complained of; or (if later)

(b) three years from the date on which the complainant became aware (or ought reasonably to have become aware) that he had cause for complaint...

Unless:

(3) in the view of the Ombudsman, the failure to comply with the time limits in DISP 2.8.2R was as a result of exceptional circumstances; or

(5) the respondent has consented to the Ombudsman considering the complaint where the time limits in DISP 2.8.2R have expired."

Mr and Mrs Q originally took out their policy in 2000. This was more than 6 years ago.

Every time a new policy was taken out, a new schedule was issued to Mr and Mrs Q, none of these ever mentioned that the policies included either critical illness or terminal illness. I think the policy documentation should have made the trustees aware they had cause to complain. The top up policies were all taken out more than three years ago. I'm not aware of any exceptional circumstances that meant the complaint couldn't be raised with us. ReAssure doesn't consent to us looking into this complaint point. As a result, we're not able to look into this particular complaint point.

I am able to look into whether ReAssure fairly declined the trustees' claim.

Having done so, I'm satisfied that their policies didn't include critical illness cover or terminal illness.

The policy schedules don't specify that Mr and Mrs Q's policy includes either critical illness or terminal illness cover.

Looking at the application form, Mr and Mrs Q selected not to have critical illness cover. Whilst I accept terminal illness was ticked 'yes' on the application form, ReAssure has sent me evidence to confirm why it wasn't added.

Based on what I've seen, the policy didn't include cover for critical illness or terminal illness.

I find that ReAssure have fairly declined the claim as Mr and Mrs Q don't have cover for either critical illness or terminal illness."

Therefore, I wasn't minded to direct ReAssure to do anything further as I didn't think they'd done anything wrong.

Responses to my provisional decision

ReAssure accepted my provisional decision.

The trustees didn't respond to the provisional decision by the deadline.

What I've decided – and why

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

I've thought carefully about the provisional decision I reached. Having done so, and as neither party has provided anything which could lead me to depart from my provisional decision, my final decision remains the same as my provisional decision, and for the same reasons.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint. I don't require ReAssure Limited to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Q, Mrs Q, Mr Q and Mrs W as trustees of the B Trust to accept or reject my decision before 10 September 2024.

Anthony Mullins
Ombudsman