

The complaint

Mrs V and Mr W as trustees (the Trustees) of the W Trust complained that Scottish Widows Limited (SW) declined a claim on their life and critical illness policy.

What happened

Mr W took out a life and critical illness insurance policy with SW in 2008. Mr W was sadly diagnosed with a heart condition and contacted SW to raise a claim. SW declined the claim as Mr W's condition wasn't covered. Mr W raised that on SW's website his condition was listed in the policy terms. SW advised that the terms on their website are the current terms and weren't relevant to Mr W's policy which was taken out in 2008. Mr W raised a complaint that his claim was declined and he wasn't given the opportunity to upgrade his policy to the most recent terms. SW didn't uphold the complaint. They said the policy terms are set at the start of the policy and won't change. As Mr W was still unhappy he brought the complaint to this service.

Our investigator didn't uphold the Trustees' complaint. They agreed that the terms were set at the start of the policy and SW didn't need to contact Mr W when they changed the policy terms they were offering to new customers. They also said that SW sent Mr W annual updates which set out that Mr W should check to make sure the cover suited his needs. The Trustees appealed. As no agreement could be reached, the complaint has been passed to me to make a final decision.

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.

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 SW acted in line with these requirements when it declined to settle the Trustees' claim.

Having done so, and whilst I appreciate it'll come as a disappointment to the Trustees, I've reached the same outcome as our investigator. I've explained why below.

As life and critical illness cover is usually a long-term insurance policy, the terms are set when the policy is taken out. The policy terms set out which critical illnesses are covered

under the policy. These don't change during the policy term. I've reviewed the terms of Mr W's policy and can see that his condition isn't covered.

From time to time, insurers will release new policy terms and conditions which cover different critical illnesses. This can be due to various reasons including advancements in medical practice but also the insurers approach to risk. The new policies will have different premium pricing and will also remove some conditions that historic policies still cover. Customers can apply for new policies if they so wish but there is no requirement for an insurer to inform existing customers that they've released a new product to market.

I'm very sorry that my decision doesn't bring the Trustees more welcome news at what I can see is a very difficult time for them. I wish Mr W all the best with his health in the future. But in all the circumstances I don't find that SW has treated the Trustees unfairly, unreasonably, or contrary to law in declining the claim.

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 Scottish Widows Limited to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs V and Mr W as of the W Trust to accept or reject my decision before 13 January 2025.

Anthony Mullins
Ombudsman