

## **The complaint**

Mr and Mrs D have complained that Scottish Widows Limited has unfairly declined a claim.

## **What happened**

Mr and Mrs D have a critical illness insurance policy, underwritten by Scottish Widows.

Mrs D made a claim following an illness but Scottish Widows declined the claim as it wasn't one of the conditions listed as being covered.

Mr and Mrs D complained and unhappy with Scottish Widows' response, referred their complaint to the Financial Ombudsman Service.

Our investigator looked into the complaint. During our investigation, Scottish Widows made an offer of £250 compensation for not explaining its claim decision as well as it could have done. Our investigator thought this was fair and concluded that Scottish Widows hadn't incorrectly or unfairly declined the claim.

Mr and Mrs D disagreed and in summary said the symptoms Mrs D suffered from were covered under the policy.

As an agreement couldn't be reached, the case has been passed to me for 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.

Having done so, I don't think Scottish Widows' decision was unfair or incorrect and its offer of £250 compensation is fair. I'll explain why.

- The relevant rules and industry guidelines say an insurer should handle claims promptly and fairly. And shouldn't unreasonably reject a claim.
- Mr and Mrs D have a critical illness policy which pays out for specific conditions, as confirmed in the policy documents. Mrs D's condition is not listed in the policy documents and so Scottish Widows correctly declined the claim.
- But Mr and Mrs D said the symptoms were the same as those under two other conditions listed in the policy and consideration should have been given to this. But this is not how the policy works. The policy pays out for specified conditions where the criteria set out directly underneath that condition is met. It doesn't pay for simply being diagnosed with the condition. The symptoms listed underneath each condition show how severe the condition needs to be, before a benefit becomes payable.
- Mr and Mrs D also said that newer versions of the policy cover the condition Mrs D was diagnosed with. And they didn't think Scottish Widows was treating them fairly

by covering the condition for new applicants. Mr and Mrs D's policy was underwritten and agreed many years ago taking into account their needs and circumstances. At the time, the specific conditions which were covered were listed. This forms the basis of the contract of insurance between Mr and Mrs D and Scottish Widows. I don't think newer policies with different terms are relevant. And Scottish Widows isn't acting unfairly by applying the correct terms and conditions.

- Scottish Widows accepts it could have provided a better explanation to Mr and Mrs D when it declined the claim. It said that even though the condition is listed under the new policy, that doesn't necessarily mean a benefit will be paid as a permanent neurological deficit is also required. Scottish Widows says this isn't a common feature seen in Mrs D's variant. In any event, as the condition is not listed in Mr and Mrs D's policy, I don't think Scottish Widows has incorrectly declined the claim.
- For failing to provide a detailed explanation earlier on, Scottish Widows has offered £250 compensation for the distress and inconvenience caused which I think is reasonable. As the claim decision was correct, I don't think a higher award would be appropriate as I am only considering the impact of the explanation given to Mr and Mrs D at the time - a clearer explanation might have helped them understand the decision better.
- Finally, Mr and Mrs D have raised a new concern about premium protection cover. This isn't a complaint which has been made to Scottish Widows and it hasn't been investigated. So it doesn't form part of my decision. Mr and Mrs D will have to raise this directly with Scottish Widows.

### **My final decision**

For the reasons set out above, I think Scottish Widows Limited's offer is fair and so I direct it to pay Mr and Mrs D £250 compensation for the distress and inconvenience caused as a result of not providing a clearer explanation when it declined the claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs D to accept or reject my decision before 28 November 2023.

Shamaila Hussain  
**Ombudsman**