

## **The complaint**

Mr A and Ms S complain about the way ReAssure Life Limited has dealt with the reinstatement and continuation of cover under a protection policy. They say there have been delays in providing cover that have caused worry and emotional stress.

## **What happened**

In January 2004, Mr A and Ms S took out a joint critical illness (CIC) policy with life cover. The initial sum assured was £1650,000 on a rolling 10-year term. The policy included a reinstatement option for the lives covered under the policy. This meant it was possible to request reinstatement of the cover after a successful claim was made.

In January 2022, Mr A made a successful CIC claim on the policy. Following this in March 2022, an application was made to take up the reinstatement option as they wanted cover to continue. ReAssure responded to say it couldn't reinstate the cover for Mr A using the Cover Reinstatement Option at this time. It explained the terms and conditions of this policy note that this option cannot be effected until at least one year has passed since the admittance of a claim. It said it would be willing to consider an application to reinstate on or after 17 January 2023.

ReAssure agreed to look into a request to provide continuation cover for Ms S. At the end of March 2023, it asked her to provide further medical information for this application. Ms S responded within a few days in early April 2022. After chasing a response from ReAssure, Mr A and Ms S became frustrated with how long the application process was taking and raised a complaint in June 2022. They were unhappy with delays and handling of the application. They said they were worried about the impact of having no cover in place and this was causing stress.

ReAssure responded to the complaint. It admitted there had been delays in completing the application and offered Mr A and Ms S £250 in compensation to recognise the impact of its handling of the application. Mr A and Ms S weren't satisfied with this response, so referred the complaint to this service.

In July 2022, ReAssure confirmed the original policy couldn't be reinstated at this time but instead offered an alternative policy. It offered a top-up policy called a Lifelong Protection Plan (Whole of Life Policy). It said the new policy would be subject to medical unwriting and asked for a declaration of health to be completed to proceed.

One of our investigators looked into the complaint. He found there had been delays caused by ReAssure. He found that ReAssure were correct that Mr A couldn't reinstate his cover until a year had passed since his claim. After investigating, he established that ReAssure had now agreed to start the process of establishing a plan for Ms S to allow her to continue to have cover. Initially he said the compensation offered of £250 was fair, but he later decided this should be increased to £500 to recognise the full impact of the way things had been handled by ReAssure.

ReAssure agreed to pay the additional compensation. It said that it was in the process of setting up continuation cover for Ms S.

Mr A and Ms S responded to the investigator's assessment. They didn't accept the offer of compensation in resolution of the complaint. In summary they said:

- Ms S had already provided the requested information to ReAssure in April 2022. The reinstatement of her cover should have taken place after the original claim was accepted. Reassure has caused delays of many months and this is unacceptable.
- Reassure has failed to answer queries and they have no faith in the responses agreeing to arrange the cover.
- They have suffered mental agony and are still suffering from a lack of cover in place.
- Mr A still hasn't had his cover reinstated and it has now been more than a year since his claim event.

### **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.

In reaching a decision, I've concentrated my findings on the complaint that was originally made in June 2022 by Mr A and Ms S. This means I've only considered the issues raised in the complaint that stem from the original request to reinstate cover in March 2022.

Firstly, I've looked at the circumstances around the cover provided to Mr A. I note ReAssure considered the request by him to use the policy feature to reinstate his cover after making a claim. I can see that ReAssure confirmed to Mr A in March 2022 it would not be possible at this time. It made reference to the policy terms and conditions that state that you can only apply for a new After-Claim Policy after a year (but no later than two years) from when it agreed the original claim was valid. As it had been less than a year when Mr A attempted to reinstate the cover, I think it was fair and reasonable for ReAssure to decline to reinstate the cover at this time.

But the situation was different with Ms S's cover. She has sought to rely on the continuation feature in order to continue to have cover after the claim. Continuation cover is a separate feature for the person who isn't the claimant on a joint policy where a claim has been made. As Ms S didn't make a claim based on her circumstances, she was able to apply for more cover rather than her cover expiring. From the evidence I've seen ReAssure didn't properly deal with this request. I'll explain why.

ReAssure received a completed application on 11 March 2022. Following this it requested further information from Ms S and this was received on 11 April 2022. But the cover wasn't put in place for many months. It also appears it was also only after queries raised in our investigation did ReAssure take any real action to arrange the cover. In its final response letter, it did concede that it failed to reply to Ms S's April letter until 6 July 2022. This letter asked Ms S for further medical information. She replied to say she had already provided this. By this point Mr A and Ms S had become very frustrated with the progress made, asking this service to help resolve the matter.

Having reviewed the evidence available, I have found failings by ReAssure that contributed to the delays in setting up the continuation cover for Ms S. This includes failure to communicate in a timely and clear manner about what was required to set up the cover. There also appears to be periods of inaction where nothing was happening. There were missed opportunities to provide the clarity and understanding Mr A and Ms S were seeking about why the cover hadn't started. I've considered the explanations given by ReAssure for

not putting the cover in place sooner. It says it received confirmation that reinstatement was wanted, however as this was on a dual life basis and not for Ms S to have cover in her name alone, it did not proceed without confirmation as this is different to the cover they held originally. From the I've seen I don't think this was communicated clearly or understood by Mr A and Ms S. So, I'm not persuaded that this is a good enough reason for the time it took to process the request. And as explained above it took until our involvement for action to be taken.

I've gone on to consider the impact on Mr A and Ms S of the failings I've identified. They've told us they were extremely worried about not having cover in place for a long period of time – and this contributed to mental stress. I'm not aware that during the period without cover Ms S has had reason to claim. This is fortunate but I do understand what she has explained about the stress caused during this period due to not knowing if she would be covered. They were left confused about what was required from them as they replied quickly to all requests made of them by ReAssure. They also had to spend time chasing things up and trying to find out what was going on.

In order to resolve the complaint, I find it appropriate for ReAssure to pay Mr A and Ms S compensation to recognise the distress and inconvenience they have suffered. Our investigator recommended total compensation of £500. The impact of ReAssure's failings has caused considerable distress, upset and worry – and inconvenience. I therefore agree that compensation of £500 in total is fair and reasonable in these circumstances. I note an offer of £250 has already been made by ReAssure and a cheque was due to be sent for this amount. It is unclear whether this cheque has been cashed. If it has been, then this amount can be deducted from the amount ReAssure needs to pay. If it hasn't been, then ReAssure should cancel the cheque and pay Mr A and Ms S the full £500 in resolution of the complaint.

Finally, I note Mr A has provided further submissions relating to the reinstatement of his cover now a year has passed since the claim. However, as explained above I'm not considering the reinstatement of Mr A's cover from December 2022. This didn't form part of original complaint as it is an event subsequent to the original complaint that was made. If there are additional issues have arisen either regarding Mr A's cover or Ms S's, then any concerns regarding this will need to be raised as a separate complaint with ReAssure. I don't think it is appropriate to expand the scope of this complaint – particular as ReAssure haven't had opportunity to respond on anything that wasn't part of the original complaint.

### **My final decision**

I uphold this complaint and I direct ReAssure Life Limited to pay Mr A and Ms S total compensation of £500 (subject to deductions relating to payments already made as per my comments above) for the distress and inconvenience caused by its handling of the request to replace the cover on their protection policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Ms S to accept or reject my decision before 23 November 2023.

Daniel Little  
**Ombudsman**