

## **The complaint**

Mr R complains that Royal London Mutual Insurance Society Limited wouldn't consider a claim for total permanent disability (TPD) on an 'own occupation' basis. He says his policy was wrongly set up and wants Royal London to pay the benefit.

## **What happened**

To summarise, in 2001, Mr R took out personal protection insurance, through a broker. The policy included cover for critical illness, terminal illness and TPD. Mr R was an army medic and wanted cover that would protect him beyond his army benefits. Mr R believed the TPD cover had been set up on an 'own occupation' basis.

Unfortunately, in 2022, Mr R was medically discharged from the army due to ill health. He sought to claim on his policy, as he was no longer able to do his job.

Royal London explained to Mr R that his policy did not include TPD on an own occupation basis. Rather, the eligibility criteria for his policy was on the basis of 'functional ability tests' (FATs). This resulted in Mr R being unable to claim following his medical discharge, as he didn't meet the FATs criteria, which require a more severe level of disability than own occupation cover.

Mr R complained, but Royal London didn't uphold his complaint. It said that Mr R's policy was accepted with TPD on a FATs basis because of Mr R's occupation. Royal London also said its underwriting decision was communicated to Mr R's broker, who confirmed FATs was ok. Mr R says he was never told about the change and believed his cover was on an own occupation basis. He says Royal London shouldn't have provided cover to him at all, if own occupation wasn't available.

Mr R brought his complaint to the Financial Ombudsman Service. An investigator looked into things for him but didn't uphold the complaint. The investigator thought Royal London had acted fairly in deciding to offer TPD cover on a FATs basis. And he was satisfied Royal London had provided Mr R with clear information about the basis of cover, when it sent him post-sale policy confirmation documents.

Mr R disagreed so the complaint has come to me for a final decision. I understand Mr R has made a separate complaint about the broker who sold him his policy. For the avoidance of any doubt, my decision relates solely to Mr R's complaint about Royal London, the insurer.

## **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'm not upholding this complaint. I know this will be unwelcome news for Mr R and I'm sorry about that. I acknowledge this has been a stressful and upsetting time for Mr

R, since he realised his policy didn't provide the cover he thought it did. A summary of my reasons is given below, focusing on the key points and evidence I consider material to my decision. So, if I've not referred to something in particular, it's not because I haven't thought about it. Rather, I don't consider it changes the outcome of the complaint.

From the evidence, I can see that more than one quotation was produced for Mr R during the sales process. These quotations all say that TPD is included on an 'own occupation, functional ability tests and an activities of daily living basis.'

Mr R's application was submitted by his broker and subject to Royal London's underwriting process. On the application form, Mr R's occupation was listed as 'medical doctor'. But information was also provided confirming that Mr R expected to change his occupation to 'army doctor' within the next six months. He disclosed that it was possible he would spend more than three months each year outside the UK on overseas postings. And that he would engage in activities that might be regarded as hazardous, including routine army duties and exercises, with the possibility of parachuting.

This information proved central to Royal London's underwriting decision. I've seen underwriting evidence supporting Royal London's decision not to offer cover to Mr R on an own occupation basis. I'm satisfied Royal London applied its underwriting criteria fairly in its assessment of Mr R's application. Ultimately, an insurer is entitled to decide which risks it's prepared to cover and on what basis.

Royal London says Mr R's broker confirmed the basis of cover at inception. As the seller of the policy, it was the broker's responsibility to ensure the policy met Mr R's needs. I understand Mr R's position – that he wasn't consulted on the basis of cover and didn't know his cover was not on an own occupation basis. Those issues are not for me to comment on as they relate to a separate complaint. But I have looked at whether Royal London provided information to Mr R that was clear.

Shortly after his policy commenced, Royal London sent Mr R documents confirming his cover. This information included details about Mr R's right to change his mind and cancel within 14 days without any penalty. The information asks:

*'Do you understand what your policy will do for you?'*

It provides a personalised key features document which, under a section entitled 'what are my plan benefits and when will they be paid' states:

*'Total Permanent Disability Benefit is included on a Functional Ability Tests basis.'*

I understand Mr R's argument - that he had no reason to question his cover, having relied on his broker's advice. But in terms of Royal London's actions, I think Mr R was asked to check his cover and signposted towards the key features section. And to my mind, the details of his cover are clearly and prominently set out. So I'm satisfied this information was available to Mr R shortly after the policy commenced and he had the opportunity to cancel without penalty if he wasn't happy with the policy.

Finally, for completeness, Mr R has argued that he lost opportunity to become aware of the basis of his cover in 2011 and 2016. Mr R says he was told by Royal London in 2018 that these reviews didn't happen. But I've seen copies of the indexation review letters from 2011 and 2016, so it seems to me that the scheduled reviews did take place. The letters are addressed to Mr R, although I appreciate it seems he didn't receive them. Nevertheless, they were sent to the addresses on file for Mr R, so I don't accept Mr R's argument.

Overall, I'm satisfied Royal London acted fairly in applying its underwriting criteria and offering TPD cover on a FATs basis. I'm also satisfied the information sent to Mr R after the policy was set up was clear about the basis of cover. It follows I don't uphold this complaint. Once again, I'm sorry this isn't the outcome Mr R was hoping for.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 8 December 2023.

Jo Chilvers  
**Ombudsman**