

## **The complaint**

Mr W complains that St James's Place UK plc (SJP) declined a claim on his life assurance policy.

Mr W is represented by Mrs W but for simplicity I'll just refer to representations as being made by Mr W.

## **What happened**

Mr W took out his policy in March 2002, it had a term of 25 years. In 2017 Mr W was diagnosed with a lung condition. In March 2021, due to a decline in Mr W's health, a claim was raised with SJP after a terminal diagnosis was given.

SJP initially declined the claim as Mr W was being considered for a transplant. Mr W had also been given a prognosis of more than 12 months to live at this point. In July 2021, SJP were informed that Mr W's health had deteriorated further. However, the claim was declined again after Mr W had undergone a lung transplant.

A complaint was raised in September 2023. Mr W was unhappy as he'd been diagnosed with a terminal illness and SJP were the only insurer to have not paid out on a claim. SJP didn't uphold Mr W's complaint. They informed Mr W that he hadn't met the policy terms for a successful claim and the other policies Mr W held were health retirement plans, which would have different terms.

As Mr W was still unhappy, he brought the complaint to our service. Our investigator didn't think SJP had done anything wrong. They agreed that the terms of the policy hadn't been met. Mr W was unhappy with the outcome for the following reasons:

- The policy doesn't say anything about having to 'wait and see' when he has a terminal illness
- The policy terms and conditions specify that a claim is payable when having a transplant
- He doesn't think he was given correct information at the point of sale and so the policy was mis-sold
- His consultant didn't know him well enough to provide a prognosis which could have led to him meeting the terms. This also meant they didn't recognise when his condition was worsening.

Our investigator didn't think Mr W's responses made a difference to the complaint outcome. As a result, the complaint has passed to me to decide.

## **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.

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 SJP acted in line with these requirements when it declined to settle Mr W's claim.

Having done so, and whilst I appreciate it'll come as a disappointment to Mr W, I've reached the same outcome as our investigator for the same reasons.

At the outset I acknowledge that I've summarised his complaint in far less detail than Mr W has, 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.

I think it's important to start by confirming that terminal illness isn't a separate benefit on the policy. It's a mechanism for the policy to pay out the sum assured whilst the policyholder is still alive to help them to put their affairs in order. Terminal illness is defined in this policy as:

*'Advanced or rapidly progressing incurable disease where, in the opinion of an attending Consultant and our chief Medical Officer, the life expectancy is no greater than 12 months'*

Following initial notification of the claim, SJP requested a report from Mr W's consultant. In this, the consultant stated that Mr W's life expectancy at that time was 12-18 months. This alone meant that Mr W didn't meet the above term as he had a life expectancy of more than 12 months. However, it was also reported that Mr W was being considered for a lung transplant.

After being notified of Mr W's decline in health at the end of July 2021, SJP wrote to Mr W's consultant again for an up-to-date report. Mr W's consultant wrote to SJP on 12 August and confirmed that Mr W's life expectancy without a transplant was between 3-6 months. However, with a transplant, the median life expectancy was five years. I'm pleased to hear that Mr W underwent a lung transplant on 13 August 2021. SJP hadn't received the consultant's letter and so called for an update on 17 August 2021 with the letter then being received the following day.

I accept that Mr W was given a life expectancy of less than 12 months by the consultant, however, this was based on not having a lung transplant. Mr W was on the transplant register at that time and until a transplant was ruled out as an option, Mr W didn't meet the terms of the policy as with a transplant the median life expectancy was five years.

Mr W has said that the policy doesn't say anything about 'wait and see' but as I've said, terminal illness isn't a separate benefit under the policy. This means that any potential treatment to extend the policyholders life, would be taken into consideration when considering the life expectancy prognosis. Mr W has said that he doesn't think this information was given to him at the point of sale and as a result the policy was mis-sold. This isn't a point that has been raised with the business and so I'm not able to consider it under this complaint. If Mr W remains unhappy, he'll need to raise this as a new complaint with the firm that sold him the policy.

Mr W has also raised concern about the policy including information about a claim being payable when having a transplant. The definition Mr W is referring to in the policy is the definition for major organ transplantation. However, this definition isn't relevant to Mr W's policy as it's only when critical illness cover is taken out alongside life assurance. Looking at Mr W's policy schedule, he didn't opt to take out critical illness cover. As such, he's not covered under the policy for this definition.

Mr W has said that his consultant didn't know him well enough to provide a prognosis and didn't recognise when his condition was worsening. I appreciate that this could well have been the case but it doesn't change the outcome of the complaint. The policy terms required a definite prognosis of less than 12 months to live for a claim to be successful. As I've set out above, Mr W was being considered for a transplant from March 2021 and until this had been ruled out, Mr W wouldn't have been able to meet the policy definition. Thankfully Mr W received a transplant and his health has improved as a result.

My outcome above doesn't diminish what Mr W and his family have been through in any way. Mr W has been through a very difficult period with his health and I understand he is still poorly. The policy is still running and will continue to do so for the remainder of the term whilst the premiums continue to be paid. If Mr W's health starts to deteriorate again, he'll be able to raise another claim with SJP. Under this complaint, I find that SJP hasn't done anything wrong.

### **My final decision**

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 23 May 2024.

Anthony Mullins  
**Ombudsman**