

## **The complaint**

Mr B complains that XL Insurance Company SE (hereafter “XL Insurance”) unfairly settled his income protection claim.

## **What happened**

Mr B is a delivery driver. He has access to a group income protection policy and following an accident at work in November 2020 made a claim on it.

XL Insurance accepted Mr B’s claim and told him that he’d receive £75 a day, for up to 30 days, in benefit. But when it went on to pay the claim, it only paid him £30 a day.

Mr B complained about the difference. XL Insurance apologised and said it had initially given him incorrect information. It confirmed that the policy only provided £30 a day for delivery drivers and said it had therefore settled the claim correctly.

Unhappy with what had happened Mr B referred his complaint to this service.

Our investigator explained that the terms of the policy did set out that delivery drivers would be entitled to a payment of £30 a day, for up to 30 days, which meant XL Insurance had settled the claim correctly. However, they said that by giving Mr B incorrect information, XL Insurance had mismanaged his expectations and should pay £250 in compensation to recognise the impact of that.

Mr B disagreed with the compensation our investigator had recommended. He said he should get the £75 a day because that’s what he’d been told he’d get. He also said that £250 did not compare to what he was owed, and he asked that the matter be reviewed. So the complaint was 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.

Having done so, I am upholding Mr B’s complaint for the following reasons:

- The terms and conditions of the policy explain that delivery drivers, like Mr B, will be entitled to £30 a day for up to 30 days. XL Insurance settled Mr B’s claim by paying that amount, and so I am satisfied that it settled the claim in line with the terms of the policy.
- I appreciate Mr B was initially told he would receive a different amount. That being £75 a day, for up to 30 days. XL Insurance has acknowledged it gave incorrect information. It has apologised to Mr B, and I think it was right to do so. But I’m not persuaded that apology fully recognises the impact of the misinformation on Mr B.
- While I accept XL Insurance did not intend to misinform Mr B, he did find himself in a position where he was led to believe he would be in receipt of a higher payment.

Mr B was understandably disappointed, concerned and frustrated when he realised he would not be receiving that amount. And he has told this service that he had to use an overdraft facility because of what happened.

- The very nature of having to make an insurance claim, especially like the one Mr B made where he'd suffered an accident and had been unable to work, often comes with some level of distress and inconvenience. But in the circumstances of this complaint I think XL Insurance unnecessarily added to Mr B distress and inconvenience at the time, and I think it should compensate him for that.
- Compensation is not designed to be punitive. It is intended to be a fair and proportionate reflection of the impact a businesses' mistake has had on someone. I have set out the impact that XL Insurance's mistake had on Mr B, and for the reasons given above I too think that £250 represents both a fair and proportionate reflection of that. So that is what I will be directing XL Insurance to pay.

### **Putting things right**

XL Insurance should put things right by paying £250 compensation.

### **My final decision**

My final decision is that I uphold this complaint against XL Insurance Company SE. It should put things right in the way I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 31 March 2022.

Jade Alexander  
**Ombudsman**