

## **The complaint**

Miss M has complained that St Andrew's Insurance Plc has declined a claim she made for unemployment on her mortgage payment protection insurance policy.

## **What happened**

Miss M had made a previous claim for unemployment that ended in July 2021, having paid out for the maximum 12 months benefit available under the policy.

In August 2021 Miss M started a temporary job that ended in September 2021. Miss M then made a further claim on the policy which appeared to have been initially accepted by St Andrew's. However, St Andrew's subsequently declined the claim on the basis that Miss M had not returned to work for six months since the previous claim and therefore did not meet the requalification period set out in the policy.

In response to Miss M's complaint, St Andrew's maintained its decision to decline the claim. However, it accepted that Miss M had been given incorrect information over the phone on more than one occasion and offered her £150 for distress and inconvenience.

Our adjudicator thought that St Andrew's had fairly declined the claim in accordance with the policy terms. However, he recommended that St Andrew's should increase its compensation offer to £300 to more fully reflect the distress caused to Miss M.

Miss M disagrees with the adjudicator's opinion and thinks that St Andrew's should pay her unemployment claim. St Andrew's also disagrees with the adjudicator's view because it considers that its original offer of £150 was appropriate. Therefore, the complaint has been passed to me for a 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.

In June 2021, prior to her previous claim ending, Miss M spoke to St Andrew's who advised her that she would be able to claim again if she took a temporary job that then came to an end as it would be through no fault of her own. As Miss M's existing claim was so close to having paid out the maximum payout, the adviser should have explained that Miss M would need to meet a requalification period of having been in work again for six months before she could make any further claim.

Miss M's new temporary position ended in mid-September 2021 after 18 days. She made a new claim on the policy and when she rang St Andrew's for an update on 21 October 2021 the adviser indicated that the claim had been approved although there was some disagreement about the start date. The next day, Miss M spoke to a supervisor who also said that the claim had been approved, apparently because she was simply reading the notes made by the adviser the previous day. However St Andrew's later wrote to Miss M telling her that it was declining the claim.

The policy terms state:

*'We will not pay mortgage repayments benefit for unemployment:*

*• if you were not in work for a continuous period of 6 months before your unemployment (if you were not in work for 2 weeks or less, we will not count this as a break in your employment).'*

Based on the above terms, Miss M's circumstances in September 2021 did not fit the criteria for having a new claim accepted because she had not been in continuous employment for six months. Therefore, it was reasonable for St Andrew's to rely on the above term to ultimately decline the claim.

When making a decision, I look at what should have happened against what actually did happen. If errors occurred, then the aim is to put the consumer back in the position they would have been in if everything had happened properly.

In this case, if things had happened as they should have, Miss M would have been told right from the start that, after a maximum 12 month claim, she would not be able to make a further unemployment claim until she had been back in work for at least six months. If that had happened, she would have been in no doubt that she would not be able to claim after her short-term temporary employment ended in September 2021.

It is not in dispute that St Andrew's initially told Miss M that her claim had been accepted. But it does not follow that it should now pay the claim. Because the claim would not have paid out if St Andrew's had not made that mistake.

The position that Miss M would have been in if her claim had been correctly declined from the start was the same as the position that she did indeed find herself in – unemployed and with the claim not paying out. So, her financial situation is no worse as a result of St Andrew's error.

The mistake that St Andrew's made was to give Miss M the wrong information and therefore it is reasonable that it should provide her with some compensation for that. St Andrew's thinks that its offer of £150 was fair. However, I'm not persuaded that it has considered the full impact on Miss M. She says that she borrowed money from others, telling them that she'd be able to pay them back once she received the claim payout. Therefore it would have been embarrassing for her and put her in an awkward situation, when that turned out not to be the case. On balance I agree with our adjudicator that £300 is a more appropriate amount to compensate Miss M for the distress and inconvenience she suffered.

### **My final decision**

My decision is that I partly uphold Miss M's complaint. St Andrew's Insurance Plc's declination of the unemployment claim was reasonable, in line with the terms and conditions of the policy. However, St Andrew's Insurance Plc should pay Miss M £300 compensation for the distress and inconvenience caused as a result of giving her incorrect information about the claim having been accepted.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 9 May 2022.

Carole Clark  
**Ombudsman**