

The complaint

Mr B's unhappy with Unum Limited's decision to stop paying his claim.

What happened

Mr B had income protection insurance with Unum. He submitted a claim in 2015 owing to poor mental health and was diagnosed as having a depressive disorder. His claim was accepted and he was receiving regular payments. In July 2018 Mr B began working for a new company, set up by him and his wife, and so Unum switched paying his claim in full to proportionate benefit as he was able to work some of his contracted hours.

Mr B said that he was still under the care of his GP, psychiatrist and consultant psychiatrist to slowly increase his tolerance to full time work, whilst still managing his mental health problems, when Unum suddenly said, in January 2020, that it'd no longer continue to pay him any benefit.

Mr B said that decision was unfair because he was still unable to cope with full time work and so he'd like Unum to reconsider its position.

Unum said it based its decision on the available medical evidence, in particular, that Mr B had improved to such a degree that he was no longer incapacitated and therefore well enough to return to full time work. Unum has continued to maintain its position, despite receiving letters from Mr B's medical team disputing this. It also said that it paid Mr B a years' worth of benefit, until January 2021, in anticipation that he wouldn't be ready to return to work full time.

Our investigator said that Unum had acted fairly. He said Unum was entitled to rely on the medical evidence at the time in order to make that decision. He acknowledged there were signs of improvement with Mr B's recovery and that he was already working 30 hours per week, without experiencing too many problems, and so he felt that Unum's perception of Mr B's incapacity coming to an end was fair.

Mr B disagreed. He said that the decision it made was wholly unfair because he was still suffering with the symptoms of his mental health condition. He also said that Unum failed to discuss this with any of the professionals responsible for his care. Mr B highlighted that his treating psychiatrist offered to discuss his condition and Unum's decision with Unum but it declined.

Mr B said that although he'd increased his hours to 30 per week, this was still in its infancy and he was finding it difficult to increase this at the time. Mr B highlighted that he was contracted for 45 hours per week and so the decision to end his claim before he was working full time was premature. He said that he'd continued to find full time work difficult and that his health had relapsed after the claim had been stopped. Mr B also said that because Unum handled things badly, his mental health was directly affected. He wanted his claim reinstated.

I carefully considered Mr B's complaint and decided to provisionally uphold it. I disagreed with the outcome reached by our investigator and explained why. In summary, I said that Unum had unfairly stopped his claim because there wasn't enough persuasive medical evidence to show that Mr B was no longer incapacitated. I noticed there was no independent medical examination to determine his functional capacity. I said that because Mr B's treating specialists continued to say that he was too unwell to work full time and so Unum's decision to stop his claim and pay him a years' worth of benefit was premature and ultimately unfair.

To put things right, I said that Unum should reinstate Mr B's claim from where it ended in January 2021. I also recommended it pay 8% simple interest on that amount and pay him £500 compensation for the overall distress and inconvenience caused. I invited both parties to comment on my provisional findings. Unum had nothing further to add. But Mr B, in summary, said;

- His claim should be reinstated from February 2020;
- Unum should return some of the premiums it took from Mr B's employer owing to its decision to stop paying the claim and
- He brought his complaint through a third party and would like those costs considered.

I'll now make a final decision on this complaint.

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.

As Unum had no further arguments for me to consider, I've decided to implement the findings made in my provisional decision (a copy of which is available upon request). I think Unum stopped Mr B's claim prematurely and unfairly because it didn't follow the correct process to do so. As explained in my provisional decision, I'd have expected Unum to complete an independent functional capacity examination to determine Mr B's capability to work full time.

Unum, instead, conducted a high-level desktop assessment, which I didn't find persuasive enough to warrant the action it took here. This resulted in an unfair decision to stop Mr B's claim. I say that because the results of Unum's assessment were in complete contradiction to the diagnoses and recommendations of those specialists responsible for Mr B's care and treatment.

Mr B is correct in saying that the claim should be reinstated from the February 2020 as it was stopped the month before. But I should also note Unum paid him a years' worth of benefit in anticipation he might not be able to return to full time work during 2020. And so, that must be fairly considered when Unum comes to reinstating Mr B's claim. There will need to be dialogue between Mr B and Unum in order to fully understand Mr B's mental health journey and the impact Unum's decision had when it decided to stop his claim. I say that because I'm aware its decision negatively impacted Mr B's health and that he later became fully incapacitated and unable to work as a result. Unum will need to consider this when reinstating the claim and the impact this will likely have on the benefit payable to Mr B.

I won't be asking Unum to return any premiums paid because the policy will be reinstated and so payments would and should have always been paid. Further, that's not a complaint that can be brought by Mr B as this is a group policy whereby his employer is effectively the policy holder. Mr B is a beneficiary of the policy, which is why he's able to complain about Unum's decision to stop paying. But any complaints about the policy premiums would have to be brought by his employer.

I also won't be making any award for costs associated with bringing this complaint. I'm aware that Mr B chose to bring his complaint through a third party and that he's incurred costs in doing so. But this was ultimately his choice. The ombudsman is free to consumers and I've not seen any evidence that persuasively demonstrates that Mr B was unable to do this without support.

My final decision

My final decision is that I uphold this complaint for the reasons I've explained in my provisional and final decision. Unum limited must now;

- Reinstate Mr B's claim from February 2020 as it was unfairly stopped;
- Pay Mr B any outstanding benefit with 8% simple interest and
- Pay Mr B £500 compensation for the overall distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 March 2022.

Scott Slade
Ombudsman