

The complaint

Mrs N is unhappy that Scottish Friendly Assurance Society Limited was late in paying her the monthly benefit she'd been receiving as a result of a claim made on her permanent health insurance policy.

What happened

Mrs N had been receiving the monthly benefit due under her permanent health insurance policy for a long time. Payment was made on or before the 28th of each month.

Mrs N didn't receive the monthly benefit due from Scottish Friendly on 28 October 2021. When she queried this, she was told that the payment had been processed on 26 October 2021.

Mrs N says she called her bank on 1 November 2021 and it said payment hadn't been received into her bank account and when she contacted Scottish Friendly again about this, she was told that although the payment had been processed, it hadn't been paid until 29 October 2021. It could take three working days to reach her account. Scottish Friendly apologised for the error and said that if Mrs N did receive any bank charges as a result of receiving the monthly benefit late, to let it know and it would consider reimbursing her for those charges.

It also treated Mrs N's concerns as a complaint. Shortly after Scottish Friendly wrote to her to confirm that it was investigating what happened. It subsequently wrote to her again to say it was still investigating but as it'd had its eight weeks to investigate her concerns - but hadn't yet provided her with a final response - she was able to bring her complaint to our service. That's what Mrs N did.

After Mrs N's complaint was brought to our service, in March 2022, Scottish Friendly issued its final response. It:

- apologised for the delay in responding to Mrs N's complaint and for the issue with the monthly payment;
- said there was an error with its BACS file which affected some of its policyholders but the issue shouldn't happen again;
- paid Mrs N £50 compensation and repeated its position that if she'd incurred any additional costs because of the late payment due in October 2021, it would consider reimbursement if Mrs N could provide evidence of the costs.

Our investigator looked into what happened and didn't think £50 fairly reflected the distress and inconvenience Mrs N experienced here. He recommended Scottish Friendly pay Mrs N further compensation in the sum of £100 – totalling £150.

Mrs N accepted this as a fair resolution of her complaint but Scottish Friendly disagreed. It explained why it felt the compensation already paid to Mrs N was fair. Our investigator

maintained his view that compensation totalling £150 was fair and reasonable. So, Mrs N's complaint has been referred to me to consider everything afresh and determine.

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.

Scottish Friendly has an obligation to treat customers fairly.

It isn't disputed that Mrs N should've received the monthly benefit due under the policy on 28 October 2021. Scottish Friendly accept that she'd previously received the monthly payment on or before the 28th of each month.

Although Mrs N didn't end up being financially disadvantaged by receiving the monthly payment several days later than she ought to have (for example bank charges), from listening to the call she had with Scottish Friendly on 1 November 2021, I can tell she was worried that the late payment might result in her account going into its overdraft as she was expecting direct debit payments to be collected from her account.

It doesn't look like she received any bank charges but that doesn't mean that she wasn't worried about receiving the late payment of the monthly benefit. Particularly as she said it made up around half of her monthly income, which I've no reason to doubt.

She's also said that she spent considerable time on the phone to her bank about whether the payment had been received and that's because she was told by Scottish Friendly that the payment had been authorised on 26 October 2021 but it transpires it wasn't paid until 29 October 2021. She also had to spend unnecessary time liaising with Scottish Friendly about its error. This all caused her unnecessary inconvenience.

Mrs N lives with a medical condition and says the unnecessary stress caused by Scottish Friendly aggravated it. I haven't seen any medical records, but I'm prepared to accept what she says about that. Looking at a society's website for this condition, it says people with this condition often find stress impacts their condition in some way.

I'm also satisfied that Mrs N was concerned about why the delay in payment happened. It hadn't happened previously and it's reasonable for her to want to know the reason for the error to assure herself that it wasn't likely to happen again. Although, she was promptly told on 1 November 2021 that it was likely she'd receive payment within the next few days and she'd received an apology, she didn't know of the reason behind the delayed payment until several months later. She received updates that Scottish Friendly were still investigating but not knowing the reason meant she didn't know whether it was likely to happen again.

So, I don't think the £50 compensation paid to Mrs N by Scottish Friendly is fair and reasonable in this case. I think £150 more fairly reflects the distress and inconvenience she'd experienced as a result of what Scottish Friendly did wrong here. So, I think it should pay her additional compensation in the sum of £100.

I know Mrs N has told our service that the same issue has more recently happened again. But as that's happened since bringing the complaint to our service, she'd need to raise her further concerns with Scottish Friendly in the first instance. I haven't looked at this additional issue as part of this complaint or taken it into account when determining fair compensation.

Putting things right

Within 28 days from the date on which we notify Scottish Friendly that Mrs N accepts this final decision, I direct it to pay her an additional £100 in compensation for distress and inconvenience, making the total sum £150.

My final decision

I uphold Mrs N's complaint and direct Scottish Friendly Assurance Society Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 9 February 2023.

David Curtis-Johnson
Ombudsman