

The complaint

Mr and Mrs B have complained about how Fairmead Insurance Limited handled a sickness claim that Mr B made on a mortgage payment protection insurance policy.

What happened

Mr B was off work due to having an operation in November 2019 and therefore made a claim on the policy. Mr and Mrs B returned the claim form in December 2019. The claim was eventually accepted and paid out in May 2021 following involvement from this service.

Fairmead accepted responsibility for some delays and so offered Mr and Mrs B £120 compensation. But it said that part of the delay was the result of awaiting further information from Mr B.

Our adjudicator thought that Fairmead's acknowledgement of the delays it had caused was reasonable. But he thought that £150 compensation would better reflect the trouble and upset caused to Mr and Mrs B, to which Fairmead agreed.

I wrote a provisional decision last month in which I explained why I was thinking of increasing the compensation further and asking the parties to provide any further evidence or comments they may have. Fairmead didn't respond further. Mr and Mrs B made some additional points that I will address below.

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.

Although Fairmead originally told us that it didn't receive the claim form until 27 March 2020, it has since clarified that it was received on 11 December 2019 and that 27 March 2020 was the date it was first allocated for assessment. It then didn't start to assess it until 11 May 2020.

The claim form was incomplete as the sections that needed to be completed by Mr B's employer and doctor hadn't been filled in. Fairmead therefore began trying to contact Mr B by phone but unfortunately he never answered his phone. It did send an email on 20 May 2020 but a mistake was made with the email address. After sending the email, Fairmead doesn't seem to have made any more attempts to contact Mr B and the claim was closed on 7 September 2020 due to non-response.

It was reasonable of Fairmead to try and contact Mr B by phone in the first instance and then to email him when that was unsuccessful. However, as already mentioned, Fairmead used an incorrect email address. And Fairmead accepts that it should have written to Mr B when he didn't respond to calls or emails. It also should have written to him to advise that it had closed the claim.

Fairmead says it did not receive a letter that Mr B sent in August 2020, although Mr B says he has evidence of it being delivered and signed for on 18 August 2020. He also sent Fairmead another letter in September 2020. It's a shame that Mr B didn't call Fairmead, which is the preferred method of contact to discuss claims. However, it's reasonable for Mr and Mrs B to expect their letters to be responded to.

It was only in February 2021, when this service contacted Fairmead on Mr and Mrs B's behalf, that it started to assess the claim again. It still needed the missing information from the claim form and so wrote to Mr B on 6 March 2021 setting out what was required. It was two months later, on 7 May 2021 that Mr B sent Fairmead some of the information. He then sent the information from his GP on 20 May 2021. So I do not hold Fairmead responsible for this part of the delay.

Although Fairmead hadn't received the GP evidence at that time, it made a decision to honour the claim on 25 May 2021. It paid out £650 and, based on the available evidence, I'm satisfied that Fairmead assessed the claim correctly, in line with the policy terms.

Clearly there were a number of errors on the part of Fairmead that resulted in delay. I need to give consideration to what the outcome would have been if things had happened as they should have. So I've thought about what would have been a reasonable timeframe for it to assess the claim, recognising the delays that were incurred waiting for Mr and Mrs B to provide fuller information and the impact that Covid played during some of this period.

Taking everything into account, if it weren't for Fairmead's errors, I consider that the complaint could have been reasonably settled by the end of July 2020.

In response to my provisional decision, Mr and Mrs B say the information submitted by them originally was complete as far as they were concerned. They might feel that the supporting information they provided was sufficient. But as already mentioned, the employer and GP sections of the claim form had not been completed. I'm satisfied that Fairmead was entitled to wait for the forms to be completed correctly. Mr and Mrs B say their GP thought what was being asked for was unnecessary. However, with respect, it was not their GP's decision to make.

Mr and Mrs B additionally say that, if delays were due to Covid, then Fairmead should 'have put in place an easement to their rules'. However, it would be unfair to hold Fairmead responsible for something that was outside of its control.

Part of Mr and Mrs B's argument is that they had to keep paying the monthly premiums whilst the claim was being assessed, whereas they would have cancelled it after the claim had been paid if it wasn't for the delay. As it was, the policy came to an end in September 2020 anyway on the event of Mr B's 65th birthday.

As I said in my provisional decision, I'm persuaded by what Mr and Mrs B are saying here. Because, having just made a claim, it's unlikely they would have thought they'd be making another claim again straight away. So it's likely they would have looked at the cost of the policy and not considered it to be value for money for those last couple of months. So Mr and Mrs B are worse off as a result of the delays.

Therefore I think that Fairmead should pay an additional amount to compensate Mr and Mrs B for the two premiums they paid for August and September 2020, being a total of £143.80.

Mr and Mrs B also asked to be refunded the cost that the GP charged them for the medical information and they have reiterated this request in their response to my provisional decision. However, the policy is clear about what information needs to be provided and states that any costs would have to be borne by the policyholder. Mr and Mrs B say that

Fairmead have conceded that the medical certificate wasn't necessary. However, that's not the case. Fairmead was entitled to wait for the necessary information. But because of the delays that had occurred, it eventually took a pragmatic decision to pay the claim without the medical certificate, which was a fair and reasonable thing to do. I've thought further about what Mr and Mrs B have said, however I'm not persuaded that Fairmead should refund the GP charge.

My final decision

For the reasons set out above, I uphold Mr and Mrs B's complaint and require Fairmead Insurance Limited to pay total compensation of £293.80, being made up of £143.80 refund of premiums and £150 for trouble and upset. It can deduct any amount already paid to Mr and Mrs B from this figure.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 8 March 2023.

Carole Clark

Ombudsman