

The complaint

Mr G and Mrs G have complained about the delays experienced when Mrs G made a claim under their policy with Legal and General Assurance Society Limited (L&G).

What happened

In June 2020 Mrs G made a claim under the policy for critical illness benefit. This was accepted by L&G in August 2022. L&G apologised for the delays and offered £500 in compensation.

Our investigator recommended that the complaint be upheld. He initially felt that L&G should pay 8% simple interest on the claim settlement from 6 October 2020. L&G responded that it would not have been in a position to pay the claim before July 2021. But it said it was impossible to set a date for interest to be paid from which is why it offered £500 in compensation.

Our investigator felt that July 2021 was a fair starting point, and that interest should be paid from this date as well as the compensation offered.

As no agreement has been reached the matter has been passed to me to 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.

There is no dispute that the claim was delayed so it isn't necessary for me to set out the background in detail. L&G have apologised and offered compensation of £500. Mrs G says she could have stopped working and paid off her mortgage, but instead she returned to work. Her father was ill at the time and she was trying to focus on her recovery. She says it was a stressful time. I find that compensation was due for the effect the delay had on Mrs G and I'm pleased to note it was offered. In the circumstances I find that £500 is fair.

I can see that the claim was eventually settled and L&G wrote to Mr and Mrs G explaining the payment breakdown on 2 August 2022. However, like our investigator I'm satisfied that the claim could have been paid earlier.

L&G had written to Mrs G's specialist in order to assess the claim but didn't receive a response. L&G admits it should have chased the specialist between February 2021 and February 2022 and potentially would have received a response but argues that this wasn't guaranteed. I agree that this remains an unknown. But the file was lost and so no action was taken. When it was picked up again L&G requested details from Mrs G's GP in order to expedite matters rather than chase the specialist. Further delays ensued because it used a wrong email address. But ultimately when the medical evidence was received in late July 2022 L&G felt this showed that the claim was payable was from 14 July 2021.

L&G has now offered interest for the period of delay whilst the wrong email address was

used in communicating with the GP surgery, but like our investigator I'm satisfied it would be fair and reasonable to pay interest from an earlier point in time. It may be that had the specialist been chased for a response payment could have been made earlier. But considering the medical notes the July 2021 date doesn't seem unreasonable.

I note that on receipt of the medical information the claim was processed quickly. So I find that it is fair and reasonable for interest to be paid on the benefit sums from end July 2021 until settlement was notified on 2 August 2022.

My final decision

My final decision is that I uphold this complaint. I require Legal and General Assurance Society Limited to pay Mr G and Mrs G:

- £500 in compensation (if not already paid)
- Interest at the simple rate of 8% per year on the policy benefit sums from 31 July 2021 until 2 August 2022*.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 12 September 2023.

**If L&G considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs G how much it's taken off. It should also give them a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.*

Lindsey Woloski
Ombudsman