

The complaint

Mr C has complained that Sun Life Assurance Company of Canada (U.K.) Limited ('Sun life') has delayed in paying his claim and provided incorrect and misleading information about the amount and benefits payable.

What happened

Mr C had income protection, critical illness and other policies with Sun Life which he took out in 1999 and 2000.

In 2022 Mr C contacted Sun Life to make a claim on his critical illness policy as he had been diagnosed with cancer. He complained that Sun Life took too long to settle his claim and gave him incorrect and misleading information at an already worrying and stressful time.

Mr C referred his complaint to the Financial Ombudsman Service. Our investigator looked into the complaint. During our investigation, Sun Life paid the claim and made an offer to resolve matters. Our investigator found Sun Life's offer to pay 8% simple interest plus £500 compensation for distress and inconvenience was fair and reasonable.

Mr C disagreed and said he didn't think Sun Life were being truthful about his benefits and said he wanted an Ombudsman's decision. Specifically, Mr C said he was told he had two critical illness policies and was due a substantial and life changing amount only to be later told that he only had one policy and would receive half the amount he was promised.

And so the case has been passed to me for a final 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.

Having done so, I think the offer made by Sun Life is fair and reasonable in all the circumstances. I'll explain why.

- The relevant rules and industry guidelines say an insurer should handle claims promptly and fairly. And shouldn't unreasonably reject a claim.
- Mr C submitted a claim in August 2022. By 19 December 2022 Sun Life had received the documents it needed from Mr C's GP. It then assessed the claim on 28 December 2022 but didn't pay until May 2023. Sun Life has offered to pay 8% interest from 28 December 2022 to the date it was paid. I think this is reasonable as it takes into account the time Mr C was without the money and also that Sun Life couldn't have made a decision without the documents from the GP. I can't hold Sun Life responsible for the GP's delay.
- Sun Life also increased its offer of compensation for distress and inconvenience from £250 to £500. This was for the error it made in telling Mr C that he was due nearly

twice as much money as he actually was. Sun Life incorrectly told Mr C that he had two critical illness policies. I think the £500 offer takes into consideration his loss of expectation and the significant disappointment he would have felt when Sun Life told him it had made an error. I have checked the policy information provided and I've seen no evidence that Mr C had two critical illness policies. Sun Life explained it had made a mistake and it was a different policy and benefit Mr C had which the adviser had mistaken for a second critical illness policy.

- Mr C doesn't accept what Sun Life says and has asked for the telephone calls to be sent to him. Sun life confirmed it would send the calls to Mr C. I have listened to the calls and it is clear that Mr C was only expecting one critical illness policy benefit but the adviser made a mistake. If a mistake is made, Sun Life should put Mr C back in the position he would have been in had the mistake not occurred. In this case, had the mistake not occurred, Sun Life would have correctly explained to Mr C that he was due one critical illness insurance benefit payment and I have noted that this has been paid. In addition he has been offered some compensation for the effect of the mistake plus interest for the time he had to wait for the payment.
- Overall, I think Sun Life's offer is fair and reasonable in all the circumstances of this complaint.

My final decision

For the reasons set out above I think Sun Life Assurance Company of Canada (U.K)'s offer is reasonable and so I direct it to pay £500 compensation plus 8% simple interest on the sum due calculated from 28 December 2022 to the date of payment.

If Sun Life considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr C how much it's taken off. It should also give Mr C a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 6 November 2023.

Shamaila Hussain
Ombudsman