

The complaint

Mrs D is unhappy that Unum Limited declined a claim made under a group life insurance policy.

What happened

Mrs D has the benefit of a group life insurance policy through her employer, who is the policyholder. She voluntarily opted to include spouse and partner cover and the policyholder deducted the additional premium for this from her salary.

Very sadly, in August 2022, Mrs D's husband (Mr D) died. She made a claim on the policy which was ultimately declined by Unum. That's because Mr D was 75 years old when he died, and spouse and partner cover ended on his 75th birthday.

Mrs D is unhappy with that decision because monthly premiums for the spouse and partner cover were deducted from her salary for the month Mr D turned 75 years old and subsequently. As she was still paying the premium, she says Unum should still honour the claim.

Unum didn't agree so Mrs D brought her complaint to the Financial Ombudsman Service. Our investigator looked into what happened and didn't uphold Mrs D's complaint. She disagrees so her complaint has now been passed to me to consider everything afresh to decide.

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.

Unum has an obligation to handle insurance complaints fairly and promptly. And it mustn't unreasonably decline a claim.

The policy provides a lump sum benefit to an employee (in this case Mrs D) if their spouse or partner dies while the employee is covered. In the event of a successful claim, the benefit is paid to the policyholder to pass on to the employee.

The policy terms and conditions say:

Cover for the employee's spouse or partner will end on the earliest of:

- The employee's spouse or partner reaching the cover cease age.

The confirmation of placement document reflects the cease age to be the spouse/partner's 75th birthday.

I have a lot of empathy for Mrs D's situation, and I pass on my condolences to her and her family at a difficult time. Mrs D has more recently asked to speak with the deciding Ombudsman directly, but I don't think that's necessary for me to be able to make a fair and

reasonable decision in this case. The information provided by both parties is sufficient for me to determine this complaint.

I know Mrs D will be very disappointed but for the reasons set out below, I don't uphold her complaint.

- I'm satisfied that Unum has acted fairly and reasonably by declining the claim. It isn't disputed that Mr D had already had his 75th birthday at the date of his death. So, under the terms of the policy, cover for the spouse and partner benefit had ended.
- I've considered whether this leads to a fair and reasonable outcome in this case, and I think it does. I know the policyholder continued to collect a monthly premium from Mrs D's salary after Mr D's 75th birthday and after his death. And the policyholder continued to pay the monthly premium for the group policy during this time. However, I don't think it would be fair and reasonable to override the policy terms which clearly says cover for the spouse and partner benefit will end on the spouse or partner's 75th birthday.
- I'm not persuaded that just because the monthly premium continued to be collected by the policyholder from Mrs D's salary after Mr D turned 75 that Unum was still on risk of a claim being made under the policy for the spouse and partner lump sum benefit.
- As well as having monthly premiums collected, Mrs D says that she was led to believe that the claim would be settled as she was asked for supporting documents which she says, given Unum's decision, would've been superfluous. From the email correspondence I've seen between the policyholder and Mrs D at the time, I'm satisfied that the policyholder requested this evidence from Mrs D. It wasn't made on the request of Unum so, even if I thought that information was unnecessary, I don't think it would be fair for me to hold Unum responsible for this.
- Mrs D is unhappy that she hasn't received a pro-rata refund of the premium collected from her salary for the month of Mr D's 75th birthday. I understand the point Mrs D makes as Unum was no longer on risk of a claim being made for the spouse and partner lump sum benefit once Mr D turned 75 years of age. However, as this was a group policy with flexible and voluntary benefits, Unum says that the full monthly premium is still due from the policyholder. And even though it was only on risk of a claim being made in respect of Mr D for a proportion of the month, the premium wouldn't be pro-rated. In my experience that's standard industry practice with this type of policy. Unum didn't collect the premium directly from Mrs D. It was collected by the policyholder and then paid to Unum as part of the group monthly premium. I don't think it's reasonably required to pay back a proportionate premium for the month in question.
- Mrs D is also unhappy that she wasn't given notice that cover for Mr D was ending on his 75th birthday or that cover had ended once he reached 75 years old. However, I accept what Unum says about collecting the monthly premium for the group policy from the policyholder directly and that the premium invoiced is based on the information given to it by the policyholder. In my experience, that's not uncommon with a group policy like this. So, if the policyholder didn't update Unum, I don't think Unum would've reasonably known that cover for Mr D was ending or had ended at the time. And I don't think it was able to update anyone about cover ending/ having ended for Mr D at that time either. I think it was reasonably entitled to rely on the information being provided to it by the policyholder when calculating the monthly premiums.
- Mrs D has also said the way in which certain information has been communicated in

the latest window to select options and benefits at work is different. However, I don't think that's a matter for Unum.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 30 April 2024.

David Curtis-Johnson
Ombudsman