

The complaint

Mr T has complained that Arch Insurance (UK) Limited unfairly declined his claim.

All reference to Mr T includes any submissions made on his behalf by his representative.

What happened

Mr T held an income protection insurance policy, underwritten by Arch. In 2023, he made a claim due to redundancy but Arch declined the claim on the basis that Mr T didn't meet the policy criteria for an unemployment claim.

Mr T complained but Arch didn't uphold his complaint so he referred his complaint to the Financial Ombudsman Service.

Our investigator looked into the complaint but didn't think Arch had incorrectly declined the claim. She also found Arch's decision to refund Mr T's premiums from the point he made a claim to be reasonable.

Mr T disagreed 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 Arch's offer to refund premiums from the date Mr T made a claim is reasonable. I'll explain why.

- I should firstly confirm that my decision is limited to Arch's decline of the claim. Mr T has also made a complaint about the sale of the policy which is being looked at separately.
- I have carefully considered everything Mr T has said but in my decision, I will focus on what I consider to be key to my conclusions rather than addressing every point Mr T has made.
- I have considered the relevant rules and industry guidelines. An insurer should handle claims promptly and fairly and shouldn't unreasonably reject a claim.
- The policy terms under 'unemployment requirements' say: *"If you or a close relative of yours is a Director of your employer or own or control more than 5% of the shares of your employer then for the purpose of considering the requirements for an unemployment claim you are considered as self-employed and should read the self-employed definition and related sections accordingly."*
- The policy confirms: *"A self-employed person can only claim for unemployment if...your business ceased trading because it became financially insolvent...or your business ceased trading for you to care for your husband, wife, partner, civil partner, parent or child..."*
- The policy definition of self-employed is *"... You will be regarded as self-employed if you...are a director of your employer..."*

- Mr T was listed as a director both by job title and also on Companies House.
- Mr T argues that he doesn't consider himself to be self-employed. But in this case, as self employed has a specific definition in the policy terms, that is the correct definition to apply.
- As Arch has applied the policy definition of self-employed correctly, I can't say it has acted unfairly. The policy is clear when an unemployment claim will be paid for someone who is self-employed.
- In addition, during our investigation, Arch agreed to refund some premiums from the date Mr T made his claim to the point the policy was cancelled. I think this is a fair and reasonable resolution which takes into account any delay in providing a claim decision. So I won't be asking Arch to do anything more.
- Mr T has said that the policy wording doesn't mention Companies House. However, the policy is clear that a director is regarded as self employed and as he was listed as a director at Companies House, I am persuaded that Arch acted fairly when concluding he was a director of his employer, and not just by title.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 4 October 2024.

Shamaila Hussain
Ombudsman