

The complaint

Miss G is unhappy with the service she received from Unum Ltd when she claimed on her employer's group income protection policy.

What happened

Miss G claimed on her employer's group income protection policy following symptoms of Long Covid. Initially the claim was directed to the employer's most recent insurer. When the claim was correctly directed to Unum they said they'd been prejudiced by the late notification of the claim. However, they later agreed to consider the claim but declined it.

Miss G complained and Unum reviewed the file. As a gesture of goodwill they agreed to pay her the full benefit from the end of the deferred period until her return to work. Miss G complained to the Financial Ombudsman Service as she didn't think she'd been treated fairly.

Our investigator looked into what happened and upheld the complaint in part. He didn't think Unum had fairly declined the claim but noted that, in any event, the claim had been paid in full. He recommended that Unum pay Miss G £200 compensation.

Unum accepted the investigator's recommendation, but Miss G asked an ombudsman to review her complaint. She said that she hadn't received payment for all of the time she was off and she felt that Unum had effectively accused her of being dishonest. The investigator explained that Unum had made payment from when the deferred period ended until Miss G had returned to work. Miss G asked an ombudsman to review her complaint, particularly as she didn't think that the emotional impact of the situation was reflected in the compensation the investigator recommended.

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.

The relevant rules and industry guidelines say that Unum has a responsibility to handle claims promptly and fairly. And they shouldn't reject a claim unreasonably.

At the outset I acknowledge that I've summarised this complaint in far less detail than Miss G has, and in my own words. I won't respond to every single point made. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here.

The rules that govern our service allow me to do this as we are an informal dispute resolution service. If there's something I've not mentioned, it isn't because I've overlooked it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to fulfil my statutory remit.

I'm partly upholding this complaint but I think the settlement of the claim and the £200

compensation is fair. I say that because:

- Unum didn't receive Miss G's claim form until March 2023 and the claim was initially declined in early May 2023. Following Miss G's complaint, the claim was reviewed, and the offer was communicated to her in June 2023.
- I note that during the review of the complaint Unum contacted the other insurer involved in the claim, as Miss G's employer had initially referred the claim to them. That's something that could have been considered during the initial review and it's unclear why that didn't take place during the first assessment of the claim. But, in any event, Miss G's employer has now received the benefit.
- The deferred period on the policy was 26 weeks. So, Miss G wasn't entitled to any payment from Unum until that period ended. Miss G says she didn't receive payments during the time she was off. I think that's something she'll need to address with her employer as Unum has provided cover in line with the policy terms. So, it was for Miss G's employer to ensure she received any other sick pay she may have been entitled to up until the point that the deferred period ended.
- Although the claim was initially declined Unum has since made full payment of the benefit. So, even if I accepted that Miss G's claim was incorrectly declined initially, Unum has now paid the policy benefit in full as a gesture of goodwill.
- I've taken into account Miss G's reasons why she feels the compensation should be increased. But I think the £200 compensation is fair and reasonable in all the circumstances. I think it fairly reflects that Unum could have taken a more pragmatic view at an earlier stage in the claims process and that they could have taken steps to obtain other information before declining the claim. I accept that this would have caused Miss G some avoidable worry and distress.
- I appreciate that Miss G feels that Unum suggested that she was in some way dishonest as they didn't think her claim was payable. I've reviewed the correspondence and I'm not persuaded that's the case. I think Unum explained their decision with reference to the available medical evidence and the policy terms.

Putting things right

I'm partly upholding this complaint and direct Unum to put things right by paying Miss G a total of £200 compensation.

My final decision

I'm upholding Miss G's complaint and direct Unum Ltd to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 18 November 2024.

Anna Wilshaw
Ombudsman