

The complaint

Mr and Mrs B have complained that ReAssure Limited has incorrectly and unfairly calculated the settlement due on a claim that was paid late.

What happened

Mr and Mrs B have a family member representing them. But for ease, all references to Mr and Mrs B include any submissions made on their behalf.

Mr and Mrs B had total and permanent disability (TPD) benefit under a policy which was taken over by ReAssure. They made a retrospective claim in 2022 which ReAssure accepted in August 2022. It used a claim date of November 1999 and took the following actions:

- 1) Paid the benefit amount of £20,000
- 2) Added 8% interest on £20,000
- 3) Refunded the premiums paid since 1999
- 4) Paid £6,500 compensation to recognise the impact of its delays.

Mr and Mrs B complained as they didn't think ReAssure had paid enough compensation or interest and also thought it had incorrectly calculated the premium refund by deducting an amount twice. ReAssure provided explanations but these weren't satisfactory to Mr and Mrs B and so they referred their complaint to the Financial Ombudsman Service.

Our investigator looked into the complaint but didn't think ReAssure needed to do anything further.

Mr and Mrs B disagreed and asked for an Ombudsman's review. In summary, they said had the claim been settled in 1999, they wouldn't have had to pay premiums and so interest should be paid on the premiums refunded. They don't think the compensation is reasonable for a payment that was 23 years late. And they are concerned that an amount of £5,640 was deducted twice.

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 am satisfied I have enough information to reach a decision without speaking to the parties (as requested by Mr and Mrs B) and I don't think ReAssure needs to do anything more. I'll explain why.

The background is well known to both parties and so in my decision, I will summarise and

comment on the points which I consider to be key to my conclusions.

The relevant rules and industry guidelines say an insurer should handle claims promptly and fairly. And shouldn't unreasonably reject a claim.

ReAssure accepted and backdated a claim to 1999. Mr and Mrs B are unhappy with the settlement they received and that is the crux of their complaint. So that is what I will focus on.

I think it would be helpful for me to simplify the complaint by setting out what ReAssure has paid and Mr and Mrs B's concerns. In total, ReAssure has paid £75,172.64, broken down as follows:

TPD Sum Assured	£20,000
8% interest on the TPD benefit amount from 1999	£36,463.79
Refund of premiums paid	£12,208.85
Compensation	£6,500

Incorrect premium refund

Mr and Mrs B are concerned that the premium refund was incorrectly calculated as a result of a waiver of premium claim where £5,640 worth of premiums were waived. Mr and Mrs B thought this had been deducted twice but it's clear from the above sums that the £5,640 has only been deducted once.

The total premiums that would have been paid (without the waiver of premium claim) amounted to £17,848.85 and so I am satisfied that the correct amount of premiums have been deducted and refunded (£17,848.85-£5,640=£12,208.85) as set out in the breakdown above.

Interest not paid on the premium refund

I have considered what would have happened had ReAssure correctly paid the sum assured in 1999. Mr and Mrs B would have received £20,000. And they wouldn't have paid premiums. However, ReAssure has paid interest on the sum assured to account for the delayed payment of benefit and so I don't think it's fair for it to also have to pay interest on the premiums paid.

Mr and Mrs B say they never would have paid the premiums had the claim been paid in 1999 and I accept this. But if the claim had been paid in 1999, they wouldn't have received 8% interest on that amount, or compensation. I think ReAssure has tried to put Mr and Mrs B back in the position they would have been in 1999, as far as possible. And I don't think paying additional interest on the premiums as well as interest on the assured sum is fair or reasonable.

Not enough compensation

ReAssure has paid £6,500 compensation for the overall impact on Mr and Mrs B which I think takes into account the significant impact of the delay in paying the claim and any errors made. Our compensation award categories which can be found on our website show that awards of over £5,000 are for the most extreme impact and significant distress and inconvenience. I am satisfied that ReAssure has fully considered the level of impact, taking

all factors into account. So I won't be asking it to pay any further compensation.

Overall, I think the resolution offered by ReAssure is fair and reasonable in all the circumstances and I am satisfied the calculations are correct.

My final decision

For the reasons set out above, I think ReAssure has acted fairly in its settlement of the claim and so I won't be directing it to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 28 January 2025.

Shamaila Hussain
Ombudsman