

The complaint

Mr B is unhappy that British Friendly Society Limited declined a claim he made on his income protection insurance policy.

What happened

Mr B has an income protection policy which has an exclusion for issues related to his left hip. He made a claim on the policy which was declined due to the exclusion.

Mr B explained he was also having problems with his shoulder which was also preventing him from working. British Friendly maintained their decision to decline the claim as they didn't think the evidence demonstrated this. Mr B complained but British Friendly said their decision was fair and in line with the policy terms and conditions. Mr B complained to the Financial Ombudsman Service.

Our investigator looked into what happened and didn't uphold Mr B's complaint. He thought the claim had been fairly declined taking into account the available medical evidence and the policy terms. Mr B didn't agree and asked an ombudsman to review his complaint. In summary, he said there were mistakes in the medical records (which have now been clarified) and he has a valid claim. So, the complaint has been referred to me to make a 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.

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

The policy terms and conditions

Mr B's policy protects his income in the event that he's unable to work due to incapacity. Incapacity is defined as:

“... you are totally unable to carry out your occupation due to your own physical or mental illness or injury resulting in a complete or partial loss of income.”

The terms also say:

We will not pay benefit:

- in respect of any pre-existing medical condition which you did not disclose to the Society prior to the start of your policy or when you applied for a subsequent variation to your policy. A pre-existing medical condition is a medical condition affecting you (whether or not a diagnosis was made) which existed prior to the start of your policy or at the time of an application to vary your policy;

- in respect of any condition excluded by the special terms applicable to your policy;
- if you are unemployed, a student, retired or a house person when incapacity starts – we will not pay your claim if you do not have any income;”

Mr B’s policy has an exclusion which says:

No benefit shall be payable for any illness or disability directly or indirectly due to any injury, disease or disorder of the left hip, including the joints, muscles, cartilage, ligaments and tendons, or any related treatment or surgery.

Did British Friendly unfairly decline the claim?

I’m not upholding Mr B’s complaint because:

- Mr B’s claim was initially for pain in his left hip which was preventing him from working. I think British Friendly fairly concluded that the exclusion on Mr B’s policy applied and the claim wasn’t covered.
- British Friendly reconsidered the claim when Mr B said that his shoulder was also preventing him from working. I think they fairly and reasonably sought further medical information to assess whether the claim was covered.
- The medical evidence indicated that Mr B developed some issues with his shoulder in January 2023. However, he continued to work until August 2023 when he was then signed off with hip pain. The GP didn’t mention Mr B being signed off from work due to the shoulder pain until October 2023 which was, based on the evidence available to me, after the claim for hip pain had been declined. So, I think it was reasonable for British Friendly to conclude that the medical evidence didn’t clearly demonstrate that the policy definition of incapacity was met.
- I’ve taken into account the information Mr B provided from his consultant but it hasn’t changed my thoughts about the overall outcome of this complaint. The letter says that Mr B had experienced worsening hip pain for a year and that the pain in his right shoulder and left hip severely affected his quality of life and his ability to work. However, there’s no clear or detailed commentary on specifically how the shoulder condition impacted Mr B’s ability to work or the level of his functionality. So, I don’t think this demonstrates the policy definition of incapacity was met.
- In any event Mr B’s GP didn’t refer to the shoulder condition until October 2023. Mr B had been absent from work since August 2023 due to the hip pain. So, I think British Friendly also reasonably concluded Mr B already wasn’t working at the point the shoulder issues could reasonably have been considered to have contributed to his absence from work. So, this further persuades me it is not fair and reasonable to uphold this complaint.

My final decision

I’m not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 24 March 2025.

Anna Wilshaw
Ombudsman