

The complaint

Mr O is unhappy with Legal and General Assurance Society Limited's decision to decline his income protection claim.

What happened

The background to this decision is set out as part of my provisional findings. To summarise, Mr O became too unwell to work in June 2023 as a result of symptoms of stress. This was brought on by an incident at work. Mr O claimed on his income protection policy with L&G, however it was declined a month later in July. He appealed that decision in November 2023, however, L&G maintained its position.

Our investigator upheld the complaint and said L&G had unfairly declined Mr O's claim and so he recommended it send Mr O for an independent medical examination (IME). He also said L&G should pay £200 compensation for the distress and inconvenience caused.

L&G disagreed with our investigator's findings and asked for an ombudsman to consider the complaint. In summary, L&G said it didn't see the value in sending Mr O for an IME given he'd already returned to work. It maintained its position on this case.

I issued my provisional decision and agreed this complaint should be upheld, however, I recommended a different outcome. In summary, I said I was persuaded by the medical evidence that Mr O began suffering from a medical condition that prevented him from working from October 2023. And so, I said there was enough evidence to suggest L&G should pay Mr O's claim, taking October 2023 as the beginning of the deferred period. I also said it should pay 8% simple interest on that amount. I upheld the £200 compensation for the distress and inconvenience. I concluded my provisional decision, saying that unless either party submits any further evidence that changes my mind, the final decision will be along these lines.

Both parties responded accepting the provisional decision. Mr O said he felt the compensation should be at least £400, but accepted the overall decision. And so, it's now for me to make 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.

As both parties have accepted my provisional decision, I'm now making that my final decision.

In answer to Mr O's comments about increasing the compensation, I'm satisfied the £200 fairly reflects the level of distress and inconvenience caused. I agree this has been a distressing experience, but it's not the role of the financial ombudsman service to punish L&G for making an error. Rather, I need to consider the impact of its mistake and to explain how it should put things right.

I should also say that L&G's original decline in July 2023 was fair, given there wasn't any medical evidence to show he was suffering from an illness that prevented him from working. It wasn't until November 2023, that he appealed that decision and L&G went on to decline his claim unfairly. Income protection claims aren't straight forward and there are plenty of variables which can cause confusion around whether a claim should be accepted. The circumstances surrounding Mr O's claim were finely balanced and complex and so I considered that when assessing L&G's actions here.

My final decision

My final decision is that I uphold Mr O's complaint and Legal and General Assurance Society Limited must now pay Mr O's claim as set out in my provisional decision. Taking October 2023 as the beginning of the deferred period, up until he returned to work. It must pay 8% simple interest on the settlement amount. It must also pay Mr O £200 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 8 April 2025.

Scott Slade
Ombudsman