

The complaint

Mr M complains that Unum Ltd has unfairly turned down their income protection claim.

What happened

Mr M is covered under their employer's group income protection scheme, which provides an income if they are unable to work due to illness or injury. The scheme has a deferred period of 13 weeks.

In October 2019, Mr M became absent from work. They were still not working by the end of the deferred period which was towards the end of January 2020. The claim was notified to Unum in May 2020 and the signed claim form was submitted in June 2020. But the claim was turned down. Unum said that the claim was notified too late. In a letter in August 2020, Unum explained that, due to limited information pertaining to Mr M's function and the presence of a functionally impairing illness during the deferred period, it had concluded that the claims late notification had impaired its ability to fairly assess the claim.

Mr M complained to Unum and in 2024 they sent more information and medical documentation to support the claim. However, Unum said this didn't alter the decision and issued its final response.

Unhappy with this outcome, Mr M brought a complaint to this service. Our investigator looked into the matter and upheld the complaint. He found that it was unfair for Unum to decline the claim due to the late notification of the claim. He said that some of those delays had been due to obtaining medical records and didn't think this was Mr M's fault. The investigator recommended that Unum needed to fully assess the claim and reach a decision.

Unum disagreed with the investigator's opinion. It said it had considered the medical evidence supplied and concluded it was unable to retrospectively establish Mr M's incapacity during the deferred period. As no agreement could be reached, the matter has been passed to me to decide.

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 above is intended to provide just a summary of the situation. It is important to point out that we are an informal dispute resolution service, set up as a free alternative to the courts for consumers. In deciding this complaint I've focused on what I consider to be the heart of this complaint rather than commenting on every issue or point made in turn. This isn't intended as a discourtesy to Mr M. Rather it reflects the informal nature of our service, its remit and my role in it.

The relevant rules and industry guidelines say that insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules into account when deciding what I think is fair and reasonable in the circumstances of Mr M's complaint.

The policy terms and conditions

In relation to when a claim must be notified to Unum, the policy states the following:

'If we are notified of a claim after the end of the deferred period, our ability to manage the absence and assess the claim may be affected.'

...

'If we are notified of a claim after the end of the deferred period (but less than 90 days later) we have the right to pay benefit from the date we receive the notice.

If we are notified of a claim later we have the right not to pay benefit.'

Is it unfair for Unum to rely on the late notification of the claim to decline to pay the benefit?

This service usually says that it wouldn't be fair for an Insurer to rely on a late notification clause to turn down a claim, unless the insurer has been unfairly prejudiced by the late notification. In other words, it wouldn't be able to properly assess the claim because of the delay.

The deferred period in this case ended on 27 January 2020. Mr M had until 26 April 2020 to notify Unum of the claim. Unum said it wasn't notified of the claim until 11 May 2020 and that it didn't receive the GP records until August 2020.

For a claim to be payable Mr M needed to show that they met the definition of incapacity during the deferred period.

If there was no medical evidence available around the time of the deferred period, then I might have agreed with Unum that the late notification meant it was prevented from assessing the claim further. However, there are GP notes and other evidence from before the deferred period, some during and afterwards.

Unum has said that it has considered all the medical evidence but still feels it cannot retrospectively establish Mr M's incapacitation during the deferred period. It also said that if the claim had been made within the required timeframe it could have completed further investigations, which it can't do now. As I understand it, the late notification of the claim may have been as a result of Mr M's employer and not something that Mr M was personally at fault for. But in any event, the claim was notified to Unum just two weeks outside of the 90-day period, albeit the GP records weren't received until early August 2020. I don't think the fact that it took some time for Mr M's GP to provide the records is something that it would be fair to hold Mr M responsible for.

It may be the case that the late notification has in fact disadvantaged Mr M's claim decision by reducing the amount of medical information available, and therefore this may not lead to any change in the outcome for Mr M. But I'm not persuaded that this means Unum cannot make a claims decision based on the information it does have.

I therefore think it would be fair and reasonable for Unum to assess the claim rather than decline it based on the late notification. It should now make a claims decision.

My final decision

My final decision is that I uphold this complaint. I require Unum Ltd to make a claims decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or

reject my decision before 25 July 2025.

Jenny Giles
Ombudsman