

The complaint

Mr K has complained about the handling of an unemployment claim by AmTrust Specialty Limited.

What happened

The background to this complaint is well known to the parties. In summary Mr K has an income protection policy with AmTrust. Benefit is paid after a waiting period of 30 days for a maximum of 12 months if the policy criteria for payment are met.

Mr K made a claim having become unemployed. Agents handled the matter on behalf of AmTrust, but for simplicity in this decision I shall just refer to AmTrust.

AmTrust accepted Mr K's claim in July 2024, but subsequently emailed to advise that it needed to contact Mr K's former employer for it to complete the claim form in order to validate the claim. AmTrust apologised and offered £50 in compensation in recognition of the error. Mr K had also made clear that he didn't want AmTrust to contact his employer.

Once in receipt of the information AmTrust requested from Mr K's former employer it said he didn't meet the policy definition of unemployment, in that Mr K wasn't out of work directly due to circumstances beyond his control.

Unhappy, Mr K referred his complaint to our Service. The investigator recommended that it be upheld. They didn't think that AmTrust had acted unfairly by declining the claim. But with regard to the service issues, they recommended total compensation be paid in the sum of £200.

Mr K didn't accept this. He disputed that he was 'unemployed due to circumstances beyond his control'. He felt that compensation of £200 was inadequate. He said that AmTrust had wrongfully continued to take his monthly premium even though his claim was under review and this had caused him financial hardship.

The investigator considered these representations. They asked AmTrust to refund premiums from September and October 2024 with interest and to increase compensation to £250. AmTrust agreed. Mr K remained dissatisfied and asked for his complaint to be reviewed by an ombudsman.

Mr K maintained that his dismissal wasn't due to genuine performance issues, but to circumstances beyond his control, including managerial pressure and a breakdown in working conditions. He felt that the investigator's assessment was one-sided in that it relied entirely on the employer's testimony without acknowledging the broader context of the dispute.

Mr K disagreed that premium payments for June, July and August 2024 should be retained. He felt that AmTrust's delay in requesting information from the employer was the root cause of the prolonged premium deductions. He also didn't accept that £250 reflected the hardship he endured.

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.

Although I've summarised the background and arguments, no discourtesy is intended by this. Instead, I've focused on what I find are the key issues here. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. Having done so I have reached the same conclusion as the investigator, and I uphold this complaint in part. I'll explain why.

The relevant regulator's rules provide that insurers must handle claims promptly and fairly and mustn't unreasonably reject a claim. So I've considered, amongst other things, the relevant law, the policy terms and the available evidence, to decide whether I think AmTrust treated Mr K fairly. This complaint concerns two main issues, which I will consider in turn.

The claim decline

Mr K's policy provides cover when a policyholder becomes unemployed. The policy definition contains the following requirement: *You are out of work directly due to circumstances beyond your control.*

AmTrust said Mr K didn't meet the definition as declined the claim as Mr K's performance had been discussed several times before his employment was terminated due to poor performance. Mr K on the other hand says that his dismissal wasn't due to genuine performance issues. He has said he was unable to meet the expectations of his employer because of the extra duties he was given, the lack of support he'd received and the limited leads that were available to meet his targets. As his employer disagreed that this was so, there was an employment dispute.

I accept that Mr K feels to *'base the claim's outcome entirely on the employer's testimony, without acknowledging the broader context or any indication of dispute, presents a one-sided assessment that cannot be seen as fair or balanced'*. I understand his sentiment. But it is for the consumer to prove their claim on the balance of probabilities – that it is more likely than not. This Service cannot reach an outcome regarding the employment dispute, but we must take into account the submissions and evidence of both sides in order to determine whether the insurer has unreasonably rejected a claim or not.

Accordingly, I don't find that it was unreasonable for AmTrust to initially decline Mr K's claim as there was a dispute between him and his employer. Reasons for the dispute had been given by both sides. When assessing a claim AmTrust isn't able to replicate a tribunal or court. For example it can't take evidence on oath regarding the employment dispute and cross examine witnesses. But it agreed that if Mr K could show through the court process that the reason for the termination was wrong, it would review his claim. I find that this was fair. That offer is still open.

The service issues

AmTrust has accepted and apologised for raising Mr K's expectations by initially telling him his claim was accepted and then saying it required information from his former employer. But I don't find that the compensation offered of £50 was sufficient. I note that Mr K had requested on the claim form that his employer wasn't contacted. But although AmTrust needed to contact his employer to validate his claim, I find it should have explained this to Mr K when it received his claim form and started to assess his claim. AmTrust should only then have requested information from Mr K's employer. In reality this happened weeks later.

This impacted Mr K financially – and AmTrust had been made aware that he had limited financial means.

Additionally Mr K raised the issue of premium payments on a number of occasions with AmTrust. It did suspend payment in October 2024. The policy provides that premiums need to be paid until the end of the policy year if a claim is being made. I don't find that AmTrust delayed the claim by requesting documentation, or that it erred in its request for documents when initially accepting the claim – this is a legitimate part of the claims validation process. I'm satisfied too that it was reasonable to continue to collect payment for the policy year as the claim was being assessed, this was until August 2024. But AmTrust has now agreed to refund the September and October 2024 premium payments. I find that this fair.

I'm satisfied that this has been a very stressful process for Mr K, and more so than it needed to be. I can see how disappointing it would have been to be advised that his claim wasn't going to be paid after he had initially been told it would be. On top of that AmTrust didn't discuss with Mr K his instruction not to contact his employer. I find too it might have advised Mr K with regard to premium payments beyond August 2024, this is especially so as AmTrust was aware of Mr K's financial situation. In all the circumstances I'm satisfied that compensation is merited, but I find that £250 is fair.

My final decision

My final decision is that I uphold this complaint in part. I require AmTrust Specialty Limited to:

- Pay Mr K compensation of £250 (it may deduct any compensation already paid in respect of this claim).
- Refund the September and October 2024 premiums.
- Add simple interest at 8% per year to these refunds from the date of each payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 27 May 2025.

Lindsey Woloski
Ombudsman