

## **The complaint**

Miss M is unhappy with how her claim on her income protection policy was handled by British Friendly Society Limited.

## **What happened**

Miss M has an income protection policy underwritten by British Friendly Society Limited with a deferred period of one week.

In December 2023 she became absent from work due to a medical condition with her right hand. She said she was unable to carry out her physically demanding role as a cleaner.

British Friendly accepted the claim, and paid a benefit from 19 January 2024 until 25 March 2024. Following a further review, this benefit period was extended to start from 1 January 2024.

Miss M was unhappy with how her claim had been handled so she referred the matter to our service. Our investigator looked at what had happened and said she thought British Friendly had fairly settled the claim and didn't need to do anything further.

Miss M disagreed. In summary she said:

- She has a no income proof policy
- She should receive benefit for the duration of her absence as she wasn't able to work for two to three weeks after the injection. And her doctor had signed her off until April 2024.
- Her role as a cleaner is physically demanding and her hand was too painful for movement.
- The client who paid into her account is a regular payment she gets whether she works or not
- The policy paid out when she couldn't work for three weeks after the second injection

So the case was passed 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 an insurer has a responsibility to handle claims promptly and fairly. And they shouldn't reject a claim unreasonably.

Under Miss M's policy she is entitled to a benefit if she is unable to work due to incapacity.

Incapacity is defined in the policy as:

*“that you are totally unable to carry out your occupation due to physical or mental illness*

*or injury resulting in a complete or partial loss of income.”*

Miss M is unhappy that British Friendly reviewed her income when she has a no income proof policy. But it's important to note, a no income proof policy means the benefit payable isn't based on how much the policy holder earns. Not that their income won't be assessed. The policy terms are clear that a policy holder needs to show they suffered a loss of income in order to make a valid claim. So whilst the policy doesn't require evidence of proof of earnings to calculate the amount of benefit payable, the definition of incapacity still requires her to demonstrate that her illness resulted in a complete or partial loss of income. So I think it was fair for British Friendly to request evidence of Miss M's earnings over the relevant claim period.

The evidence shows Miss M continued to receive income from clients during December 2023. She has explained that one of clients makes payment via a regular standing order – regardless of whether she works or not. But as Miss M was still receiving her income, and the evidence doesn't show any reduction in her earnings, British Friendly concluded she hadn't suffered a complete or partial loss of income in this month. So it was fair for them to decline cover for her absence during December.

British Friendly agreed there had been a reduction in Miss M's income in January 2024 and accepted she met the definition of incapacity from 19 January 2024 until 25 March 2024. Following a further review of Miss M's bank statements British Friendly concluded her income had reduced earlier in January, so they backdated payment of the benefit. I think it was fair for them to review Miss M's bank statements again on a full month basis to calculate her earnings and backdate the benefit period so it started from 1 January 2024.

Miss M says benefit should've continued to have been paid after 25 March 2024 as she was still unable to work due to her illness. So I've considered the available medical evidence.

British Friendly placed weight on the evidence provided by Miss M's physiotherapist following her steroid injections on 15 March 2024. The physiotherapist said Miss M would need to be on relative rest for the first 4-10 days, especially in relation to the lifting and manual handling aspects of her role. The evidence made no mention of a further recovery period after the ten days.

The physiotherapist was aware of the physical nature of Miss M's work, so I think it was reasonable for British Friendly to rely on this evidence and conclude Miss M should've been able to return to work by 25 March 2024 – as this was 10 days after her injection.

I appreciate Miss M has explained she wasn't ready to return to work and her General Practitioner (GP) signed her off work until 5 April 2024. But I don't think it was unreasonable for British Friendly to add more weight to the evidence from Miss M's physiotherapist, because the physiotherapist has specialist knowledge about the illness being claimed for. So it was fair for British Friendly to conclude the physiotherapist was best placed to inform them of Miss M's expected recovery timeframe. I'm also mindful that the physiotherapist evidence was issued after the GP's fit note and following Miss M's treatment, so it was the most up to date medical evidence and fair for the insurer to rely on.

There isn't enough medical evidence to support Miss M was unable to carry out her role after 25 March 2024, so I think it was fair for British Friendly to decline cover after this date.

I note Miss M has provided additional evidence and explained her policy paid out on a later claim when she couldn't work for three weeks after she received the same injection treatment a second time. But that doesn't make a difference to the outcome of this case, for

the reasons I've already explained, I'm satisfied British Friendly fairly settled this claim based on the recovery timeframe set out by her physiotherapist after the first round of treatment.

#### Waiver of premiums

Miss M's policy terms stated:

*"You do not need to pay premiums when you are receiving benefit payments under the policy. Once your claim has been in payment for at least 28 days, we will not collect any further premiums from your bank account until you cease to be in receipt of benefit. The Society will recommence the collection of premiums by direct debit when you are no longer receiving benefit payments."*

British Friendly acknowledged they took Miss M's February premium in error. They've refunded the premiums taken for January, February and March 2024. As explained above, I'm satisfied British Friendly fairly assessed Miss M's claim and provided benefit from January 2014 to March 2024. So I'm satisfied they've refunded the correct monthly premiums in line with the policy terms.

I can't ask them to refund premiums before January 2024 or after March 2024, because, for the reasons I've explained above, there isn't enough evidence to show Miss M met the definition of incapacity outside these dates. So I don't think British Friendly needs to do anything further here.

#### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 28 August 2025.

Georgina Gill  
**Ombudsman**