

The complaint

Mr B is unhappy with how Unum Ltd (Unum) applied his income protection claim and that it stopped paying his income protection benefit.

Mr B is being represented on this complaint.

What happened

The background to this complaint is well-known to both parties. So, I've simply set out a summary of what I think are the key events.

Mr B had a group income protection policy through his employer. Unum is the underwriter.

Mr B was insured on an own occupation basis. This means the insured person has to show they are unable to work continuously throughout the deferred period and beyond.

He was first absent from work in April 2022 due to dizziness and loss of balance and following a 26-week deferred period on the policy at the time, Mr B made a claim for benefit under the policy.

In March 2023, Unum declined the claim due to insufficient evidence supporting Mr B's function and incapacity throughout the deferred period and beyond. The complaint was considered by this service, and we asked Unum to request further information regarding Mr B's incapacity. It reviewed the evidence and accepted the claim from July 2023.

Unum started paying the benefit to Mr B from July 2024 (following a 52-week deferred period relevant to that policy year). But, in October 2024, Unum discovered that Mr B no longer worked for his employer. As the employer was the policyholder, Mr B was no longer entitled to the benefit payments and Unum stopped making the payments.

Unhappy Mr B brought his complaint to this service. Our investigator didn't uphold the complaint. He didn't think the claim had been unfairly stopped.

Mr B disagreed and asked for the complaint to be referred to an ombudsman. So, it's been passed to me.

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 insurance industry regulator, the Financial Conduct Authority ('FCA'), has set out rules and guidance for insurers in the 'Insurance: Conduct of Business Sourcebook' ('ICOBS').

ICOBS says that insurers should act honestly, fairly and professionally in accordance with the best interests of their customers, and that they should handle claims promptly and fairly. I've taken these rules into account when looking at this complaint.

At the outset, I acknowledge that Mr B has been through a difficult time with his health. Whilst I understand he has been unwell, my role is to reach an independent and impartial outcome that's fair and reasonable, based on the information available to me.

I also fully appreciate Mr B's strength of feeling on the matter, and I want to reassure him that I've seen and considered the submissions he has provided about his complaint. But it is important to point out that we're 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 the matter rather than commenting on every issue or point made in turn. This isn't intended as a discourtesy to Mr B. Rather it reflects the informal nature of our service, its remit, and my role in it.

The deferred period initially was 26 weeks. This changed from 1 April 2023 to 52 weeks. I'm not looking at what happened in the first complaint where the claim was declined by Unum. I can only look at what happened in the circumstances of this complaint. And this is whether the start date of the accepted claim is fair and whether Unum fairly stopped paying the benefit.

I've reviewed the information provided. The relevant terms and conditions state Unum will provide a benefit where the insured is unable to perform the material and substantial duties of his role, due to illness or injury. The insured must evidence the illness or injury throughout the deferred period and beyond.

Unum said it accepted Mr B's claim from July 2023, and it started to make benefit payments from July 2024 – following the 52-week deferred period. This was because Mr B's medical information supported that his symptoms and a diagnosis of his condition was confirmed by the consultant he was seeing. Mr B thinks this is unfair as his employer would have kept him employed had Unum started his claim from when he was first absent.

Mr B attended a clinic appointment with an ENT (ear, nose, throat) consultant in July 2023. Notes from this appointment refer to a deterioration in Mr B's symptoms and a diagnosis of bilateral vestibular failure and possible stroke. The clinical examination supported a significant impairment of balance and resulting loss of function. Until this report, the information didn't show how Mr B's condition had impacted his functional capability throughout the deferred period. The report was also based on the medical investigation at that point. It wasn't until this point that Mr B's limitations were evidenced and showed they prevented him from carrying out his role. Evidence from earlier than July 2023, didn't sufficiently show Mr B was incapacitated throughout this time. So, it was decided that July 2023 showed the earliest evidence of incapacity and taking into account the 52-week deferred period, the claim was accepted. And payment was made from July 2024. I'm satisfied this was fair and in line with the policy terms and conditions.

I acknowledge Mr B's comments that he was waiting for a diagnosis initially, but I note that Unum wasn't notified of the claim until 12 months after the first absence. And although this was considered to be a late notification, Unum still considered Mr B's medical evidence. Mr B said the Occupational Health report stated that he was unfit to work. However, this evidence alone wasn't considered to be sufficient and wasn't conclusive, at the time, to show Mr B was incapacitated. And whilst Mr B had been referred to a specialist, there was no other medical information to support his incapacity during that period.

So, in terms of whether it was fair that Unum started the claim from July 2023 rather than earlier, I'm satisfied that it was.

I've gone on to consider the benefit payments being stopped by Unum due to Mr B no longer being in employment. Unum has clearly set out in the relevant policy terms that benefit payments will stop from the point the employee ceases employment.

The policy confirms the deferred period to be 52 weeks. As Mr B had the formal diagnosis of his condition in July 2023, the benefit payment would start in July 2024 as long as the evidence supported that Mr B was incapacitated throughout the deferred period and beyond. It's not in dispute that Mr B had shown he was incapacitated from July 2023 onwards. But as his employment ceased in January 2024, this was during the deferred period and therefore I think it's not unreasonable for Unum to have stopped making the benefit payments. I note that Unum was made aware in October 2024 that Mr B had ceased his employment from January 2024. Had Unum been made aware at the time in January 2024, I think this would have been communicated sooner to Mr B. However, I can't see evidence of this. And even if Unum had been made aware, I don't think the situation would have been any different; Mr B was no longer employed and this meant that under the policy terms and conditions, he would not have been eligible for the benefit.

Mr B said his employer would have continued employment if they had known the claim would have been paid. However, this isn't an issue I can comment on as this is between Mr B and his employer. My role is to look at whether Unum has made the decision to stop benefit payments fairly. In the circumstances here, I'm satisfied therefore that Unum made a decision that is fair and reasonable.

I have every sympathy for the situation Mr B has found himself in and I understand it's been difficult for him. However, overall, I'm not persuaded that Unum has treated Mr B unfairly or outside the terms and conditions of the policy. And I don't doubt that Mr B has been impacted by his symptoms and his condition, but this doesn't automatically mean that Unum must pay his claim. I'm sorry to disappoint Mr B but it follows that I don't require Unum to do anything further.

My final decision

For the reasons given above; my final decision is that I don't uphold Mr B's complaint about Unum Ltd

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 August 2025.

Nimisha Radia
Ombudsman