

The complaint

Mrs A and the estate of the late Mr A have complained that St Andrew's Insurance Plc hasn't fully settled a claim made on a credit card payment protection insurance (PPI) policy.

It is the son of the late Mr A who is leading on the complaint. However, for ease, I will mostly just be referring to 'the estate' in this decision.

What happened

Mr A unfortunately died in July 2023. The PPI policy includes life cover and so the estate made a claim on the policy.

The claim was accepted and settled for the amount of £952.93, which was the outstanding balance on the credit card at the time. The estate believes that the policy should have paid out an amount of £25,000.

Our investigator thought that St Andrew's had acted reasonably, in line with the policy terms and conditions. The estate disagrees and so the complaint has been passed to me for 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 outstanding balance on the credit card at the time of Mr A's death was £952.93. St Andrew's paid this amount to the account to bring it down to zero. However, the estate believes that, in addition to this, they should have received a further £25,000.

The purpose of life cover on a credit card is to pay off what was owed on the card at the time of someone's death, so that the debt is cleared. Unlike some other types of life cover, it is not designed to provide a lump sum for the benefit of the person's estate.

The estate has provided some documentation which they think proves that the PPI should pay out £25,000. However, I'm afraid to say that they are completely misunderstanding the policy wording.

Looking at the policy terms, they state:

'Life Cover

We'll pay your claim if:

*You die during the period of cover, **we will pay the outstanding balance.***

The policy included a definition of 'outstanding balance', which is:

'The total amount you owe to your lender under the agreement at:

- **The date of your death for a claim under life cover.**

*The total amount you owe will be less than any payments you've missed and any interest on them. **The most** we'll pay is £25,000.'*

The late Mr A was sent annual review letters for the policy. These set out the purpose of the life cover as follows:

*'LIFE COVER REPAYS OUTSTANDING BALANCE **UP TO** A MAXIMUM OF £25,000'*

The wording above in bold and underlined has been highlighted by me to hopefully explain the situation. Because the estate has solely focused on the mention of £25,000 but not thought about the context it is mentioned in.

The policy does not say that someone has set life cover of £25,000. What it says is that is the highest amount it would ever pay out. But the settlement amount goes up and down in relation to how much is owed on the credit card.

The policy terms are clear that, upon a policyholder's death, it will pay off what is owed on the card at that time. Had Mr A owed £25,000 on his credit card at the time of his death, then the policy would have paid out £25,000 to the credit card provider to settle the account. But he only owed £952.93, so that was the settlement amount.

Based on the available evidence, I'm satisfied that St. Andrew's has correctly settled the claim on the credit card PPI.

On another matter, St. Andrew's originally said that it had returned the death certificate by recorded post. It later realised this was not the case, at which point it did return the death certificate and paid £150 compensation. On balance, I'm satisfied that £150 is reasonable and proportionate compensation for the distress and inconvenience caused, so I won't be asking St. Andrew's to do anything more.

So, I'm sorry to disappoint the estate, but I am not upholding the complaint.

My final decision

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and the estate of Mr A to accept or reject my decision before 22 July 2025.

Carole Clark
Ombudsman