

The complaint

Mrs S is unhappy with the way Prudential International Assurance Plc has handled a claim made under her flexible life insurance policy which includes long term care cover ('the policy').

Although, this complaint has been brought on behalf of someone authorised by law and Mrs S is being represented in this complaint, for ease, I've referred to her throughout.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. I'll focus on giving the reasons for my 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.

That includes all points made by the parties (along with all the other evidence). However, I won't respond to each of these. I hope they understand that no discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. The rules that govern the Financial Ombudsman Service allow me to do this as we are an informal dispute resolution service. If there's something I've not mentioned, it isn't because I've overlooked it. I haven't. I'm satisfied I don't need to comment on every point to fulfil my statutory remit.

When considering what is fair and reasonable in all the circumstances of the case, I've taken into account relevant law and regulations, regulator's rules, guidance and standards, codes of practice and good industry practice at the relevant time. That includes Prudential's obligation to handle insurance claims fairly and promptly.

Subject to the remaining terms of the policy, the policy provides a long-term care benefit if all of the following conditions are satisfied:

It must be established that the insured individual is suffering Long Term Disability, as set out in clause 6 below.

We do not charge for the insured individual's Long Term Care Cover while the insured individual is suffering Long Term Disability.

3 Month Deferred Period

No Long-Term Care benefit payments will be payable until 3 months after the date it is established that the insured individual is suffering Long Term Disability.

The Registered Care Provider

Long Term Care benefit payments are only payable where a registered care provider is providing essential care services for the disabled insured individual and is charging for those services.

Clause 6 says to establish “long term disability”, it must be shown to our satisfaction that...

...The insured individual is suffering severe mental impairment as described in 6.3 below...

That is:

Care and Supervision

The insured individual must be suffering deterioration in or loss of mental capacity which results in a continuous need for care or supervision.

Organic Cause

The deterioration in mental capacity or loss of mental capacity must be the result of an organic cause. This requirement will be satisfied if the insured individual is diagnosed as suffering Alzheimer’s Disease or a similar form of senility or irreversible dementia.

General

The need for care or supervision must be shown by deterioration in the insured individual’s short and long term memory, confusion about who he is, where he is, the identity of others, awareness of time, language difficulty and inability to solve simple problems and make rational decisions.

Accepting the claim

Based on the medical evidence initially provided, I’m satisfied that it wasn’t clear whether Mrs S’s circumstances met the above definition. I’m satisfied that it was fair and reasonable for Prudential to arrange an occupational therapist’s report to give an up-to-date assessment.

I’m also satisfied that Prudential promptly considered this report and fairly concluded that this report established that the criteria had been met. And began paying for Mrs S’ care under the terms of the policy.

Delays

Whilst I’m satisfied that Prudential promptly considered the occupational report before accepting the claim, I’m satisfied that Prudential did cause unnecessary and unreasonable delays when assessing the claim.

It was first contacted in July 2023 and didn’t promptly issue a claim form. Although, I find it reasonable to request medical evidence from Mrs S’ medical professionals – and then make a referral to its chief medical officer - I haven’t been provided with any evidence that it chased for a reply, which I would’ve reasonably expected it to do. It took around three months for the chief medical officer to advise that an occupational health therapist report was needed.

On the balance of probabilities, I'm satisfied that if Prudential had been more proactive in handling the claim, the referral to the occupational health therapist – and therefore acceptance of the claim – would've happened many months earlier.

Impact

Mrs S's son chased Prudential multiple times for an update and for documentation, which would've been frustrating and inconvenient for him. However, he isn't an eligible complainant in his own capacity because he isn't party to the contract of insurance between Mrs S and Prudential. He is bringing the complaint on behalf of Mrs S as he is authorised to do so. So, I don't have any power to direct Prudential to pay him any compensation personally for the distress and inconvenience he experienced.

However, as I've set out above, I accept the claim would've been accepted sooner. Mrs S's son says he and his family were waiting until the claim was accepted to arrange professional care for Mrs S. I find that plausible and persuasive and once the claim was accepted, I'm satisfied that professional care was arranged, which supports what's said.

Prudential has paid £500 to Mrs S as a gesture of goodwill in respect of some delays. After the complaint was brought to the Financial Ombudsman Service, Prudential offered further compensation in the sum of £500.

Up until the claim was accepted, Mrs S was receiving care from her relatives. Whilst there wasn't anything preventing Mrs S's family arranging professional care before then, because they didn't appreciate fully how the policy worked, and had been requesting the key features document which wasn't forthcoming, I'm satisfied Mrs S would've likely received professional treatment earlier. I'm satisfied that a total of £1,000 compensation fairly reflects the impact on Mrs S.

Claim start date

Prudential has recently agreed that the claim start date should be the end of July 2023, when Mrs S's son first contacted it to claim. Under the policy terms, there's a three-month deferral period from the date it is established that the insured individual is suffering Long Term Disability. That's when the benefit is payable from. So, based on Prudential's recent admission, that means the deferred period ended at the end of October 2023.

However, the policy terms reflect that Long Term Care benefit payments are only payable where a registered care provider is providing essential care services for the disabled insured individual and is charging for those services.

Mrs S didn't receive care from a registered provider, charging for their services until February 2024. So, even though the claim was delayed – and Prudential initially said that the claim start date was the end of August 2023 (with the deferred period ending at the end of November 2023) - I don't think that ultimately makes a difference here. I don't think it would be fair and reasonable for Prudential to pay a backdated benefit to the end of the deferred period, outside the policy terms as Mrs S wasn't receiving care from a registered care provider, charging for those services.

Other issues

In the circumstances of this case, Prudential agreed to backdate a reduction in premium from when the claim was accepted and have re-paid the element of the monthly premiums

for the long-term care going back to September 2023. I'm satisfied that as it's recently accepted the claim going back to the end of July 2023, it should also refund the element of the premium relating to long term care paid for August 2023.

My final decision

I partially uphold this complaint to the extent set out above and direct Prudential International Assurance Plc to put things right by paying £1,000 compensation for distress and inconvenience to Mrs S (less the payment of £500 I understand already paid). I also direct Prudential International Assurance Plc to refund the element of the premium relating to long term care cover paid for August 2023.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 25 March 2026.

David Curtis-Johnson
Ombudsman