

The complaint

Ms S has complained that Covea Insurance plc hasn't fully paid out on a claim she made on a credit card payment protection insurance (PPI) policy.

What happened

Ms S became unemployed on 28 March 2024. She says she was unaware of the policy until the credit card lender explained that she would be able to make a claim. She contacted Covea at the end of June 2024 to raise the claim and it was agreed on 25 July 2024. However, although Ms S remained unemployed, it only covered the claim up to 19 June 2024 as the policy had been cancelled on that date.

I wrote a provisional decision earlier this month in which I explained why I was minded to uphold the complaint and inviting the parties to provide any more comments or information. Both Covea and Ms S agreed with my provisional findings.

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.

I've carefully considered the obligations placed on Covea by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for Covea to handle claims promptly and fairly, and to not unreasonably decline a claim.

The policy terms state:

'To ensure that You remain covered for further claim events You will continue to be charged Your monthly premium whilst You are claiming a Monthly Benefit.'

And:

'Eligibility Requirements - To remain eligible to claim benefit under this Policy, You must:

- *be the first named individual on the Agreement;*
- *have agreed to pay the monthly premium by way of a transaction debited to Your credit card account by the Coverholder throughout the Period of Cover;'*

As stated in my provisional decision, on a strict interpretation of the policy wording, it is clear that a claim can be declined due to non-payment of premiums. However, I can depart from a strict application of the terms if I consider that produces an unfair outcome.

Ms S's finances were extremely precarious and her bank account was consistently overdrawn. Whilst she was able to maintain her monthly credit card payments whilst she was working, she was unable to meet that obligation the moment she lost her job as she immediately ran into financial difficulty.

The PPI had been cancelled because Ms S had missed three consecutive payments on the card account. It was cancelled before she had an awareness of having PPI or any understanding that the premiums would need to be maintained to make a successful claim. Even if she had understood the need to keep the policy active during a claim, given her circumstances, she wouldn't have been able to maintain the payments during that initial period. The premiums were paid for by paying the lender at least the minimum monthly payment to the card account. There was no option to pay the much smaller premium amount directly to Covea.

Part of the purpose of the PPI is to provide cover for unemployment. So, it wouldn't be fair for the claim to fail simply because Ms S was not in a position to pay the premiums once that insured event occurred. Therefore, I would expect Covea to look behind the reasons for the premiums ceasing to be paid, in the interests of treating Ms S fairly.

I explained in my provisional decision that I was unaware of Ms S's circumstances after 19 June 2024 and whether or not she had returned to work. Because of that, I was unable to instruct Covea to pay the remainder of the claim in full. Instead, I was asking it to look at the claim again, disregarding that the policy had been cancelled due to non-payment of premiums.

In response to my provisional decision, Covea agreed to consider the rest of the claim. However, it asked if it would be possible to clarify something about Ms S's circumstances. It had a record of her returning to work for one week on 13 May 2024 but wanted to double check if it was only for one week and what happened after that. In response, Ms S has told us that she was and is registered as bank staff but hasn't been offered any shifts.

My understanding is that Covea has already paid the claim up to the 19 June 2024, so it must have been satisfied that the claim was eligible up to that point. As such, I wouldn't expect it to look back prior to that date now. It should consider the remainder of the claim from 19 June 2024 onwards.

I understand that Ms S says she was originally told her claim would be paid in full. I also understand that she is currently experiencing distressing personal circumstances and that she finds contact with Covea difficult.

I'm very sympathetic to her situation and am sorry for everything that has happened to her. However, Covea is entitled to assess the remainder of her claim based on the circumstances and the claim won't be able to progress without that information. As such, she will need to co-operate with Covea to provide the details it will now be asking her for to support her claim that she remained unemployed after 19 June 2024.

Once Covea completes its further assessment, if she is unhappy with the outcome of the claim, she will be able to make a new complaint about that.

Putting things right

Covea should put things right by:

- considering the remainder of the claim from 19 June 2024, in line with the remaining policy terms but disregarding the need for premiums to have been paid during the claim period. It can deduct the value of any unpaid premiums from any additional claim payment.
- Paying £100 compensation for the distress and inconvenience caused.

My final decision

My final decision is that I uphold the complaint and require Covea Insurance plc to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 24 September 2025.

Carole Clark
Ombudsman