

The complaint

Mr H has complained about the amount of benefit paid by HSBC Life (UK) Limited having admitted his income protection claim.

What happened

Mr H has the benefit of income protection insurance under his employer's group scheme. His employment began in 2017. In November 2022 he took out an optional higher level of cover – increasing the standard benefit from 60% of his salary to 75%. This became effective in January 2023. In March 2023 Mr H made a claim which HSBC Life accepted – it paid 60% of his salary, relying on a policy term which stated:

If you have symptoms in the six months prior to increasing your cover, and are absent from work within 6 months of the new higher cover becoming effective, you may not be entitled to the higher benefit you chose or you may have the benefit declined

When HSBC Life didn't agree to exercise discretion to pay benefit at 75%, Mr H brought his complaint to our service. The investigator didn't recommend that it be upheld, he didn't find that HSBC Life had treated Mr H unfairly.

Mr H appealed.

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.

First, I'd like to reassure Mr H that while I've summarised the background to his complaint and the representations made, I've carefully considered all that's been said and sent to us including the detailed submissions Mr H has made both before and after the investigator issued his opinion. In this decision though, I haven't commented on each point that's been raised and nor do our rules require me to. Instead, I've focused on what I consider to be the key issues. Having done so, whilst I recognise that Mr H will be disappointed by my decision, I agree with the conclusion reached by the investigator. I'll explain why.

- The relevant regulator's rules say that insurers must handle claims promptly and fairly. So I've considered, amongst other things, the contract terms; regulatory rules; good industry practice; and the available evidence, to decide whether I think HSBC Life treated Mr H fairly.
- There is no dispute that the policy terms state that if the member has symptoms in the six months before increasing cover and are absent from work within six months of the new higher cover becoming effective the member may not be entitled to the higher benefit. I don't find that the term is ambiguous or unclear. Both of these factors were applicable to Mr H. However he says that, by virtue of the use of 'may', there is an element of discretion, and this should be exercised in his favour. It is not for this

service to require a financial business to exercise discretion in any particular way – rather we will look to see that the complainant has been treated fairly.

- Here HSBC Life has explained in cases where there is a long-standing health condition, it is time off work rather than symptoms that will trigger the clause. Mr H had time off work in the May/June prior to the higher benefit being taken in the November 2022. Then due to his condition went off work again in March 2023. Therefore, I don't find it was unfair for HSBC Life not to exercise its discretion.
- Further Mr H argues that the refusal to grant him the higher cover is based on a technicality, based only in a policy document that he didn't have access to. His reference was only to the Policy Summary Document which he had downloaded. However Mr H's employer is the policyholder, and I don't find that HSBC Life is at fault here – it is a matter between Mr H and his employer.
- Nevertheless, I have some trouble in accepting his argument that had he known about the restriction he could have managed his symptoms for longer to avoid being 'caught out' by the clause. Mr H had been absent from work from late May 2022 returning late June 2022. His testimony is that this was largely due to stress and exhaustion rather than a deterioration in the symptoms of his condition. Regarding his absence from 29 March 2023, the medical evidence details this was due to his condition leading to exhaustion. Given the evidence I am not persuaded that it would have been appropriate for Mr H to be at work during this period of absence, that he was medically capable of being at work or that a return would have been sanctioned by his employer.
- I accept too that Mr H only had the opportunity to increase benefit each November. But again this is a matter set between HSBC Life and his employer. For the avoidance of doubt I'm not persuaded that Mr H increased the benefit in November 2022 as he was anticipating going off on long term sick in the future.
- I do appreciate Mr H's sentiment that he will always have his chronic condition so there will never be a time he'll be without symptoms. I accept too that he is not able to manage his finances and treatment effectively on the benefit he is receiving. But in the circumstances here I don't conclude that HSBC Life has treated Mr H unfairly, unreasonably or contrary to the policy terms by paying his benefit at the 60% level. I am sorry that my decision doesn't bring Mr H welcome news.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 17 October 2025.

Lindsey Woloski
Ombudsman