

The complaint

Mr L is unhappy that Unum Limited stopped paying the benefit under a group income protection insurance policy, following a successful claim.

What happened

Mr L has the benefit of a group income protection insurance policy ('the policy'). Subject to the remaining terms, and after the end of the deferred period, the policy can pay out a monthly benefit if he's too ill to work.

A successful claim was made on the policy and the benefit was paid. In early 2024, Unum concluded that Mr L was no longer incapacitated as defined by the policy. It made a payment equivalent to three month's benefit under the policy and terminated the claim.

Mr L appealed that decision and Unum ultimately maintained its decision to terminate the claim. Unhappy, Mr L asked the Final Ombudsman Service to look into what happened. Our investigator didn't think Unum had acted unfairly by terminating the claim. Mr L disagreed and raised further points in reply. These didn't change our investigator's opinion.

So, this complaint was passed to me to consider everything afresh to decide. I issued my provisional decision earlier in October 2025, explaining why I was intending to uphold this complaint. I said:

.....

Unum has a regulatory obligation to handle insurance claims promptly and fairly – and it shouldn't unreasonably reject a claim.

Under the policy terms, a member is incapacitated if Unum is satisfied that the member is:

- Unable, by reason of their illness or injury, to perform the material and substantial duties of the insured occupation, and is
- Not performing any occupation

Insured occupation means:

The trade, profession or general role that the member was actively undertaking for you immediately prior to incapacity.

Material and substantial duties are:

The duties that are normally required for the performance of the member's insured occupation and which cannot be reasonably omitted or modified. It is those duties required for the performance of the occupation at their, or any other, employer...

When making a claim, it's for Mr L to establish that he was incapacitated. Mr L was able to

do that, and Unum paid the benefit under the policy.

As Unum has now stopped paying the claim it's for it to show (on the balance of probabilities) that Mr L no longer met the definition of incapacity, based on medical evidence. I'm not a medical expert. So, I've relied on all evidence available to me when considering whether Unum has reasonably ended Mr L's claim.

Overall, I'm currently satisfied that Unum has not acted fairly and reasonably by ending Mr L's claim. I'm satisfied it should reinstate the claim and pay Mr L unpaid monthly benefits due under the policy backdated to the date the claim was effectively terminated. I'll explain why.

- The parties don't dispute that Mr L had been generally well, and his health had been stable for a number of months before Unum took the decision to terminate the claim.
- Mr L's psychiatrist's letter dated April 2023 (around nine months before the claim was terminated) reflects that Mr L's bipolar affective disorder was in remission but there was a risk that his psychotic depressive symptoms could return. Another letter from his psychiatrist dated October 2023 (so a few months before the claim was terminated) reflects that Mr L's mood was 'good', he wasn't depressed and 'not psychotic'. His cognitive state was normal, and he had full capacity.
- During a telephone call dated January 2024 between Unum's representative and Mr L to review his condition, it's reflected that Mr L said he was doing household chores, gardening, driving and some limited socialising. Mr L also reported concentration still being an issue, especially heavier literature and he tended to struggle with his memory, planning and organisation and tiredness. He also explained the parts of the insured occupation that he wouldn't be able to do.
- Unum's chief medical officer concluded that Mr L's health had significantly improved and the reported barriers to returning to work weren't medical in nature. So, a gradual return to work could be attempted.
- I'm not satisfied that there's sufficient medical evidence to support that conclusion. Before Mr L's sickness absence, he held a very senior, skilled and technically demanding role with a number of responsibilities. The policyholder informed Unum of Mr L's core duties, and these haven't been disputed as being an accurate reflection of the work Mr L was required to do. Unum's chief medical officer doesn't explain, in their medical opinion, the aspects of the insured occupation Mr L is now capable of doing and why.
- Whilst Mr L was generally in good health, stable and his cognitive ability was considered 'normal'; I don't think Unum has fairly established that he no longer met the definition of incapacity. A functional capacity evaluation wasn't carried out and I haven't seen any evidence that Unum has sought to liaise with those involved in Mr L's medical care – including his psychiatrist - about whether (and to what extent) Mr L could carry out the material and substantial duties of the insured occupation.
- After the decision was taken to terminate the claim (but before Unum issued its final response, not upholding Mr L's complaint), Mr L's psychiatrist provided two letters dated May and June 2024. In their view there was a risk of depressive psychotic symptoms returning, especially if Mr L was placed back in a pressurised environment. Mr L's psychiatrist also says Mr L remained unfit to work. The psychiatrist concludes: "the reason he remains psychologically well, with a fair mood, and capacity to make decisions is because he is NOT exposed to the pressures of

work. Removing him from the stressful work-place environment was critical for this improvement to be achieved”.

- The policy terms make clear that the material and substantial duties of the insured role include those that cannot be reasonably omitted or modified. Whilst it’s possible that some of Mr L’s duties could be reasonably modified, I’ve seen nothing which convinces me that Unum has sought to engage with the policyholder/employer about whether this was possible to accommodate Mr L returning to work. For example, I can’t see that Mr L has been referred to an occupational health specialist to report on his ability to carry out the insured occupation and advise on any adjustments needed to enable him to return to work. Nor has an independent medical expert been instructed to report on Mr L’s condition, functionality and ability to perform the insured occupation.
- I’ve taken into account that Unum’s chief medical officer also says that Unum can’t continue to pay a claim on the possibility of a relapse in future (if he returns to work). However, for the reasons set out above, I’m not currently persuaded that the overall medical evidence establishes that Mr L was no longer incapacitated as defined by the policy.

Distress and inconvenience

I’m satisfied ending the monthly benefit has had more than just a financial impact on Mr L.

He’s been put to the inconvenience of contesting the decision to terminate the claim. I’m also satisfied that being unfairly deprived of the monthly benefit under the policy because it was unfairly terminated would’ve caused Mr L unnecessary and significant worry and upset.

I’m satisfied that Unum should pay Mr L £500 compensation for distress and inconvenience to reflect this.

.....

I invited both parties to respond to my provisional decision and provide any further information.

Mr L replied, accepting my provisional decision. Unum disagreed and provided some further comments for me to consider. In summary it said:

- it wouldn’t have been able to send Mr L for an occupational health assessment;
- a functional capacity assessment wouldn’t have been appropriate in this case as they typically test somebody’s physical capacity to perform work tasks;
- Mr L’s mental health was stable and had improved and the reason he wasn’t returning to work due to stressors associated to his role which may cause a relapse; and
- the medical evidence confirmed that Mr L was no longer incapacitated.

Unum also referred me to another ombudsman’s decision which reflected:

income protection policies aren't designed to pay out in every case. They pay a benefit under the terms of the policy in specific circumstances and in this case, where an illness or injury stops an insured from carrying out the material and substantial duties of their occupation. It isn't designed to provide benefit where an absence is recommended to prevent an illness or injury from becoming worse.

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 the points raised by Unum in response to my provisional decision.

Having done so, I remain satisfied that Unum's decision to stop paying the claim isn't fair and reasonable.

I've taken on board the points Unum has made about not being responsible for an occupational health assessment and the limited use of a formal functional capacity assessment. However, I'm satisfied that the overall available medical evidence – whilst supporting that Mr L's condition had improved and was stable – doesn't establish that he was no longer incapacitated under the terms of the policy (or that he could do the material and substantial duties of the insured occupation).

I'm also satisfied that the circumstances of this complaint are different to another ombudsman's decision, I've been referred to. Further, each complaint should be considered on its own merits and based on its individual circumstances.

In the complaint I'm determining, Unum had accepted Mr L's claim and it's for Unum to establish that he was no longer incapacitated. There's medical evidence from his psychiatrist that he wasn't fit to work.

As explained in my provisional decision (which I've referred to above and forms part of this final decision), Unum's chief medical officer concluded that Mr L's health had significantly improved and the reported barriers to returning to work weren't medical in nature. So, a gradual return to work could be attempted. I'm not satisfied that the available medical evidence supports that he was no longer prevented from doing the insured role because of his illness.

Before Mr L's sickness absence, he held a very senior, skilled and technically demanding role with a number of responsibilities. And Unum's chief medical officer doesn't explain, in their medical opinion, the aspects of the insured occupation Mr L is now capable of doing and why.

Further, it was open to Unum to request further information from Mr L's psychiatrist to understand from a medical perspective the duties he could and couldn't do and/or arrange for an independent medical expert to be instructed to report on Mr L's condition, functionality and ability to perform the insured occupation. Given the available medical information from the time, I think that would've given a fairer insight into the elements of the role Mr L could've carried out at the time. That didn't happen. And I'm not satisfied the overall medical evidence supports Unum's position that Mr L was no longer incapacitated as defined by the policy.

Putting things right

I direct Unum to:

- reinstate the claim and pay the monthly benefit, backdating the monthly payments that would've been paid if the claim hadn't been terminated.
- add simple interest at a rate of 8% per year to each monthly benefit that ought to have been paid since the claim was terminated, from the date each benefit should've been paid until the date they're actually paid*.
- pay £500 compensation to Mr L for the distress and inconvenience he experienced because Unum unfairly terminated the claim.

*If Unum considers it's required by HM Revenue & Customs to take off income tax from any interest paid, it should tell Mr L how much it's taken off. It should also give him a certificate showing this if he asks for one. That way Mr L can reclaim the tax from HM Revenue & Customs, if appropriate.

My final decision

I uphold Mr L's complaint and direct Unum Limited to put things right as set out above.

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

David Curtis-Johnson
Ombudsman