

The complaint

Mr T complains that Unum Ltd declined a claim on his group critical illness policy.

What happened

Mr T first joined his employer's group critical illness policy in 1995. In 2002, Mr T was signed off work due to his mental health. He didn't return to work and his employment was eventually terminated in early-2025. Mr T raised a claim with Unum in early-2024 but it was declined. Mr T raised a complaint, but Unum didn't think they'd done anything wrong. Unhappy, Mr T brought the complaint to this service.

Our investigator upheld the complaint. They thought Unum had unfairly declined the claim. They thought Unum should pay the claim and pay Mr T £300 compensation. Unum appealed. They still didn't think the policy terms had been met for a successful claim. As no agreement could be reached, the complaint has been passed to me to make a final decision.

Because I disagreed with our investigator's redress, I issued a provisional decision in this case. This allowed both Unum and Mr T a chance to provide further information or evidence and/or to comment on my thinking before I made my final decision.

What I provisionally decided – and why

I previously issued a provisional decision on this complaint as my findings were different from that of our investigator. In my provisional decision, I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Based on what I've seen so far, I intend to uphold Mr T's complaint.

When considering complaints such as this, I need to consider the relevant law, rules and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly and fairly, and not unreasonably decline it. So, I've thought about whether Unum acted in line with these requirements when it declined Mr T's claim.

At the outset I acknowledge that I've summarised his complaint in far less detail than Mr T has, and in my own words. I'm not going to respond to every single point made. 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 it's an informal dispute resolution service. If there's something I've not mentioned, it isn't because I've overlooked it. I'm satisfied I don't need to comment on every individual point to be able to reach an outcome in line with my statutory remit.

As a starting point, it's important to understand what the policy terms and conditions say. The relevant policy definition is as follows:

“Total permanent disability – unable to do your own occupation ever again

Loss of the physical or mental ability through an illness or injury to the extent that the member is unable to do the material and substantial duties of their own occupation ever again. The material and substantial duties are those that are normally required for, and/or form a significant and integral part of, the performance of the person’s own occupation that cannot reasonably be omitted or modified.

Own occupation means your trade, profession or type of work you do for profit or pay. It is not a specific job with any particular employer, irrespective of when the cover ends or the member expects to retire.

The relevant specialists must reasonably expect that the disability will last throughout life with no prospect of improvement, irrespective of when the cover ends or the member expects to retire.

For the above definition, disabilities for which the relevant specialists cannot give a clear prognosis are not covered.”

Unum have been provided reports by both Mr T’s GP and consultant. Mr T’s GP has said the following:

“I can confirm that Mr T has a diagnosis of [condition] and I have seen Mr T for many years regarding his mental health. Mr T has symptoms of [condition] which are ongoing, and the [condition] has also impacted his memory.

I can confirm that in view of Mr T’ long history of [condition] and the impact that this has on his daily functioning, Mr T is unable to do his own occupation ever again.”

Mr T’s consultant has said the following:

“His problems are complex, however, and not amenable in a brief email. May I add that if I thought that a return to his occupation was possible I would have said so at the time. However, his prognosis was and is clear, he will never again work in his occupation.”

Unum said in response to our investigator’s view that Mr T was undergoing cognitive behavioural therapy (CBT) and Mr T showed a good level of function with no evidence he had no prospect of improving. Mr T asked his consultant for comment and the following was provided:

“even if Mr T had a good level of functioning of the kind described (which, in my opinion, he does not have) I do not understand why that might be thought to be relevant to the question of whether he would ever be able to return to his previous occupation. It seems to me that Unum may be confusing two different issues – on the one hand capacity to cope with daily life and the other hand capacity to undertake a demanding professional role...

A recent personal independence payment assessment confirmed he does have problems with daily living....

A new episode of CBT has been recommended because of the deterioration in Mr T’s state of mind and physical circumstances that I mentioned earlier. He owns the flat in which he lives but has developed problems of hoarding and has been failing to maintain it and keep it clean. There is risk to his health because of vermin. However, he rarely leaves it and has in effect become a social recluse.

What is the intended outcome of this CBT? To reduce hoarding; improve the maintenance and cleaning of his flat; have a further go at promoting social interaction.

Whether or not they think this will improve your condition to the point you are able to work in your occupation? Sadly, no. Not only could Mr T not work in his own occupation ever again, I do not see him working in any capacity again.”

Mr T’s consultant further provided the following comments:

“I have met and worked with Mr T intermittently over the past 22 years. He has also worked with a number of other therapists. Unfortunately no interventions resulted in sufficient progress to enable him to return to his previous occupation, or even to return to employment at all. I believe he has been assessed during that time by occupational health, by insurance companies paying income protection insurance, by his GP and by mental health professionals. All came to the same conclusion, which provides grounds for a prediction that his condition is chronic and will be lifelong with no prospect of improvement.

Having met Mr T intermittently over so many years, I have seen a trend in his condition which I mentioned in my previous letter: my impression is that his condition has deteriorated somewhat and his life has become more limited over recent years. Mr T is [age]; in principle that trend in his condition could speed up or slow down a little but in practice the trend is not going to reverse at this stage in his life, and no change is going to make a significant difference to the outcome. The trend that I have seen developing over the last 22 years provides basis for as reliable a prediction as it is possible to make in relation to mental health disabilities. Unfortunately his condition is not going to ‘undeteriorate’.

Mr T hasn’t been able to work for over 22 years. From the comments from both Mr T’s consultant and GP, it’s clear that Mr T won’t ever work again and is unable to return to his previous occupation. Whilst Mr T is undergoing CBT, his consultant has confirmed this is to try to improve Mr T’s health and won’t result in Mr T returning to his occupation.

Whilst I accept there is prospect in Mr T improving, it has been confirmed there is no prospect in Mr T improving to the point where he’ll return to work. So, whilst the term hasn’t been met when sticking to a strict interpretation of the term, this doesn’t necessarily give a fair and reasonable outcome in the circumstances. Based on what I’ve seen, I don’t think it’s fair to decline the claim and think Unum should pay the claim.

Our investigator thought Unum should pay some compensation to Mr T due to unfairly declining the claim. However, as Unum declined the claim in line with the policy terms, I’m not able to tell them to pay any compensation.”

I set out what I intended to direct Unum to do to put things right. And gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses to my provisional decision

Both parties accepted my provisional 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.

As both parties have accepted my provisional decision my final decision remains the same

as my provisional decision, and for the same reasons.

Putting things right

To put things right, Unum should do the following:

- Pay the claim in line with the policy terms and conditions
- Pay 8% simple interest* on the claim benefit from the date of claim decline to the date of claim payment.

* If Unum considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr T how much it has taken off. It should also give Mr T a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons I've explained above, I uphold this complaint and direct Unum Ltd to put things right by doing as I've said above, if they haven't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 7 January 2026.

Anthony Mullins
Ombudsman