

The complaint

Miss S has complained that St. Andrew's Insurance plc has underpaid a claim she made on a mortgage payment protection insurance (PPI) policy.

What happened

Miss S became unemployed in May 2025 and therefore made a claim on the policy. The claim was accepted but the monthly benefit payment was less than Miss S was expecting as it didn't cover her full mortgage repayment.

In response to the complaint, St. Andrew's maintained its position that the benefit amount of £342.70 was correct. However, it subsequently accepted that it shouldn't have arranged to amend the policy in July 2025, to provide future cover for her full mortgage repayment of £810 per month. That's because she was paying an additional premium for something she couldn't use until the current claim had ended. It therefore offered to refund the additional premiums paid, plus 8% simple interest. It also offered £100 compensation for the distress and inconvenience caused.

Our investigator thought that St. Andrew's had acted reasonably in the circumstances. Miss S disagrees and so the complaint has been passed to me for a 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.

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

Looking at the terms of the policy, it is clear that the unemployment benefit is set at a fixed amount of £342.70. This has been the case since 2019, when she redeemed the mortgage with her original lender. St. Andrew's wrote to her at that time, setting out the benefit amount.

It was Miss S's responsibility to ensure that the policy continued to meet her needs. To assist her with that, she was provided with information each year in the form of an annual review letter. Whilst she has said that the benefit amount wasn't clearly shown in these letters, I have to disagree. The reviews are clear and transparent in setting out the monthly unemployment benefit as £342.70.

Miss S first rang St. Andrew's in March 2025 to enquire about setting up a claim as she'd been given notice that her employment contract was ending. She was told it was too soon to register a claim and to call back nearer the time. She says that the adviser should have told her then that she wasn't covered for 100% of her mortgage repayments. I'm not persuaded there was any duty on St. Andrew's to raise that with her. Firstly, it wouldn't know what her monthly mortgage repayments were. Secondly, as Miss S clearly knew she had the policy

and was calling to claim on it, the adviser would reasonably have assumed that she was also aware of the features and benefits of the policy.

Miss S says that if she had been told about the level of cover during this call, she would have increased the cover then or made other arrangements. However, it was already too late at this point for her to increase the level of benefit she could receive for this claim. That's because a fundamental principle of insurance is that it is designed to cover unforeseen events. As Miss S already knew she was being made unemployed and would likely need to make a claim, she wouldn't have been able to enhance her cover in relation to this claim. Similarly, if she had taken out additional cover with another insurer, the claim would likely have been declined on the basis that she knew of her impending unemployment at the time of purchasing the policy.

Based on the available evidence, I'm satisfied that St. Andrew's has been paying the correct monthly amount of £342.70, in line with the policy terms and conditions.

In July 2025, Miss S arranged to increase the level of monthly benefit to match her mortgage repayment amount. As already mentioned, St. Andrew's has accepted that it wasn't appropriate for this to happen mid-claim and that any amendment should only have been applied once the current claim came to an end. Overall, I consider that its offer to refund the premiums and add 8% simple interest to be reasonable. I'm also satisfied that the offer of £100 compensation is fair for the distress and inconvenience caused. Once this claim has ended, Miss S will need to contact St. Andrew's if she wishes to increase the level of cover back up again.

I'm sympathetic to Miss S's situation. She lost her job and then discovered that there was a shortfall in the amount she needed to cover the mortgage, resulting in financial difficulty. However, the matter at hand is whether St. Andrew's is responsible for the policy benefit being less than she needs – and I'm unable to conclude that it is. I'm satisfied that it has paid the correct amount of benefit, as set out in the policy terms. It follows that I do not uphold the complaint.

My final decision

For the reasons set out above, I do not uphold the complaint. However, St. Andrew's should now refund the additional premiums, plus 8% simple interest, and pay the £100 compensation, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 16 January 2026.

Carole Clark
Ombudsman