

The complaint

Mr M has complained that Assurant General Insurance Limited declined a claim he made on a mortgage payment protection insurance policy.

What happened

Mr M became unable to work due to illness in December 2024 and so made a claim on the policy. Assurant declined the claim on the basis that cover under the policy had come to an end when Mr M paid off his mortgage in 2021.

In response to the complaint, it cancelled the policy and refunded the premiums from the point that Mr M had paid off the mortgage. So it refunded him £1,608.74 (as opposed to the amount stated in its final response letter) in total.

Our investigator thought that it had acted reasonably in declining the claim, cancelling the policy and refunding the premiums. However, as Assurant had acknowledged that the wording of its annual review letters hadn't been clear, she recommended further redress of 8% simple interest per annum on the refunded amount, as well as £200 compensation for distress and inconvenience.

Mr M disagrees with the investigator's opinion 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 Assurant by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for Assurant to handle claims promptly and fairly, and to not unreasonably decline a claim.

Mr M has mentioned buying the policy via a broker in 2006, at the same time as arranging the mortgage.

Looking at the original mortgage certificate, it sets out the monthly benefit of the policy as being:

'The monthly benefit stated in the schedule or a higher amount if Insurance Premium Tax (IPT) is increased, which consists of Your monthly mortgage/rent payment, any mortgage/rent related costs chosen by You, plus 25% for additional outgoings if chosen by You and Your monthly premium.'

The welcome letter from the original underwriter, dated 17 July 2006 states: *'...we would appreciate you advising us of any changes to your mortgage circumstances in the future.'*

Based on the available evidence, I consider it likely that Mr M would have understood at the time that the policy benefit was linked to his mortgage repayment amount. Regardless of that, it wasn't Assurant that sold him the policy, so I can't look at any issues relating to the sale in this decision.

The matter at hand is whether Assurant acted reasonably in declining the claim, in accordance with the policy terms and conditions.

Assurant took over the policy from the previous underwriter in 2009. Due to the passage of time, it no longer has copies of any correspondence sent to Mr M at the time. However, it has provided a sample of the transfer pack that was sent out to all policyholders at that point. It explained when the transfer was happening, highlighted the changes in cover and included copies of the schedule of insurance and policy certificate. On balance, I consider it is more likely than not that Mr M would have been received this at the time.

Looking at the policy terms, they state:

'5. Payment of Benefits

(....)

5.5. We will continue to pay one Monthly Benefit for each 30 consecutive day period in which You remain Disabled, Hospitalised or Unemployed until:

5.5.1.4. the amount You owe under Your Mortgage or Loan agreement at the date of Your Disability or Unemployment (not including any payments You have missed or any interest on missed payments) has been repaid; or

5.5.1.5. the date on which Your last Mortgage or Loan payment is due under Your Mortgage or Loan agreement: or'

And:

'8. General Conditions

8.1. All cover under this insurance will end and all Monthly Benefits will stop on the End Date which will occur automatically if You die or, when You reach the age of 65 or Permanently Retire before then or, when Your Loan or Mortgage ends or, on the day on which all amounts are paid to the Lender under the Loan or Mortgage or, when You miss paying any Premium(s) due to Us under this insurance or, when You or We cancel this insurance in accordance with this paragraph 8 or paragraph 11.'

It's clear from the above wording that the ability to benefit from cover ends once the mortgage has come to an end. Therefore, as Mr M had paid off his mortgage in May 2021, it was reasonable for Assurant to decline his claim in 2024.

Assurant was no longer on cover once the mortgage had been paid off, so it would never have had to pay out on any claims. As such, it's appropriate that it has cancelled the policy and refunded the premiums from that point.

Mr M says he thought he had accident and sickness cover, as well as mortgage protection. Assurant has accepted that the wording of its annual statements wasn't as clear as it could have been in that regard. Therefore, I consider it appropriate that it should some compensation for the distress and inconvenience caused. On balance, I agree with our investigator that it should pay a further amount of 8% simple interest on the refunded amount, plus £200 for distress and inconvenience.

I have a great deal of sympathy for Mr M's situation and understand the financial difficulty he has faced due to being unable to work. However, I'm satisfied that Assurant declined the claim correctly, in line with the policy terms and conditions.

Putting things right

Assurant should put things right by:

- Paying 8% simple interest per annum on the refunded amount of £1,608.74 from the date of the June 2021 premium payment until the date the refund was made.
- Pay £200 compensation for distress and inconvenience.

My final decision

For the reasons set out above, I uphold the complaint and require Assurant General Insurance Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 March 2026.

Carole Clark
Ombudsman