

complaint

Mr R complains that Pinnacle Insurance plc ('Pinnacle') failed to advise him in a timely manner of when payment in respect of a claim made under the terms of a mortgage payment protection insurance ('MPPI') policy would be made. This resulted in Mr R making two premium payments to the policy that he need not have made.

background

Mr R had held the MPPI policy since September 2008 and when he was made redundant in June 2012 he submitted a claim to Pinnacle for unemployment benefit.

As Mr R had been awarded three months' salary in lieu of notice, he understood that his claim payments would commence from October 2012. In addition, he was aware that under the policy terms and conditions he could cease paying premiums and cancel the MPPI policy during the period of a claim without prejudicing any future benefit payments to which he might be entitled under that claim. He therefore asked Pinnacle to confirm once the claim period had started so he could cancel the policy without voiding the claim.

During the process of validating Mr R's claim, Pinnacle needed clarification from Mr R's Job Centre as to the dates he was eligible to receive Job Seekers Allowance ('JSA'), as these dates determined the start of the claim period. This would also be the earliest date Mr R could safely cancel the MPPI policy without affecting his claim. As a consequence of conducting its enquiries, Pinnacle was only able to provide Mr R with a definitive response to his request in mid-December 2012, five months after the claim had been registered, and two months after the first benefit payment was due to have been paid. Mr R complained that he had paid two months premiums more than he needed to have done to ensure a valid claim and requested a refund of these two premiums from Pinnacle.

Pinnacle rejected Mr R's complaint. It explained that to be entitled to receive the monthly benefit Mr R had to be continually registered with the Job Centre and in receipt of JSA. If at any time JSA was stopped then Mr R would not be entitled to benefit for that period.

Correspondence received from the Job Centre indicated that Mr R had been on holiday for the period 26 September to 8 October 2012, and Pinnacle said it had to await further information from the Job Centre, which was not received until December 2012. Pinnacle advised Mr R that it could not be held responsible for any delays caused by the Job Centre.

Dissatisfied with Pinnacle's response to his complaint, Mr R referred the matter to this service for consideration. The adjudicator who investigated Mr R's complaint responded to a number of issues that Mr R had raised during the course of his complaint but ultimately she was of the view that Pinnacle was entitled to seek the information it had sought from the Job Centre. She considered that the delay in Pinnacle finally validating Mr R's claim, and advising him accordingly (so he could cancel the policy and cease premium payments), was due to delays experienced awaiting a full reply from the Job Centre.

Mr R appealed against the adjudicator's view but as the adjudicator was not persuaded to change her opinion as to the outcome of the complaint the file has been passed to me to review and to issue my determination. This is the final stage of our process.

my findings

I determine complaints in accordance with the powers granted to me by the Financial Services and Markets Act 2000. This Act requires me to make a decision that I consider fair and reasonable in all the circumstances of the complaint, bearing in mind the terms of the insurance contract, the law and good insurance practice. I have, therefore, considered all of the evidence and arguments from the outset, in order to decide what is fair and reasonable in the circumstances.

The crux of Mr R's complaint is that Pinnacle delayed making payment under his unemployment claim and failed to provide him with information in a timely manner that would have allowed him to have stopped premium payments at an earlier point in time.

The policy terms and conditions state that Mr R became entitled to unemployment benefit once he was no longer in receipt of payment in lieu of notice and an additional 30 days waiting period had elapsed, during which time he had to have been continuously registered for JSA.

Pinnacle say that the delay was unavoidable while it awaited information from Mr R's Job Centre to either confirm he had been continuously registered or, alternatively, provide confirmation of the dates when he was not eligible to receive JSA. Information provided by the Job Centre indicated that Mr R had not been registered for the period 26 September 2012 to 8 October 2012 (as he was on holiday).

Mr R said that he had been continuously registered with the Job Centre and that he had not been required to sign off, as the period he was on holiday was less than 14 days. However, as he was unable to provide evidence that negated the evidence provided by the Job Centre, Pinnacle sought confirmation of the situation direct from the Job Centre. The question of the periods for which Mr R was registered with the Job Centre was important because Mr R's 12 day holiday period fell within the 30 day waiting period, prior to the first claim payment being due. Were Mr R to be found to have been continuously registered with the Job Centre, then he would be entitled to benefit payments 12 days earlier than if the Job Centre indicated that he had been disallowed benefit for that 12 day period. Without this information Pinnacle was unable to confirm the claim start date to Mr R (and, as a consequence Mr R could not take the action he wanted, which was to cancel the policy and stop paying the policy premiums).

The Job Centre did not reply to Pinnacle's enquiries until December 2012, stating that there was a 12 day gap in Mr R's JSA claim history. Pinnacle subsequently paid two months benefit towards the end of December 2012 and Mr R stopped premium payments, the first unpaid premium being that due for December 2012.

It is unfortunate that delays occurred in the Job Centre responding to Pinnacle's enquiries, meaning Mr R paid two additional premiums that he might not otherwise have had to pay. However, the delay appears to have been due to the Job Centre processes, and Mr R's discussions with it about his holiday and how this impacted on the process of claiming JSA (I understand Mr R accepts that he did not follow the correct procedure in this respect).

I agree with our adjudicator's assessment that this complaint should not be upheld. I consider that Pinnacle was entitled to satisfy itself as to the dates Mr R was registered for JSA.

This information was decisive as to the date from which Mr R's claim would be paid (and ultimately, the first day Mr R could safely cease premium payments without prejudicing his claim). I do not consider that Pinnacle can be held responsible for the 'extra' premium payments that Mr R made, while he was waiting for Pinnacle's confirmation of the claim start date.

On 27 December 2012, Mr R sent in a letter to Pinnacle from the Job Centre which stated the date of his registration, and it was noted that JSA was not paid from 9 October 2012 to 12 November 2012; but as the letter indicated that Mr R was registered for JSA, Pinnacle decided not to deduct benefit for this period. Subsequently, two full benefit payments of £561.00 were paid to Mr R on 28 December 2012.

Finally, I note that in his appeal against the adjudicator's view, Mr R was concerned about how Pinnacle's actions might adversely affect other claimants who find themselves in a similar situation. While I appreciate Mr R's concern, my role is limited to considering his specific complaint.

my final decision

It is my decision that I do not uphold Mr R's complaint.

I make no award against Pinnacle Insurance plc.

Claire O'Connor
ombudsman