

complaint

Mr N has complained that Unum Ltd has deducted an amount in respect of state long term incapacity benefit ("incapacity benefit") when calculating the benefit payable to him under his employer's income protection policy.

background

Mr N has the benefit of an income protection policy with Unum that is provided by his employer. In December 2011, he became incapacitated and made a claim under the policy. Unum has deducted an amount for incapacity benefit when it has calculated the sums it has paid to Mr N. He says this is unfair because he isn't receiving any state benefit.

Mr N complained to Unum about its decision, but it didn't change its position. He then referred his complaint to this service.

our initial conclusions

Our adjudicator didn't recommend the complaint should be upheld. He thought Unum had paid Mr N the benefit his employer had agreed would be payable under the policy.

Mr N didn't agree with our adjudicator's conclusions. He has referred to a section in the policy that says:

"For the purpose of calculating benefits, Unum shall be entitled to assume that the incapacitated member is receiving the maximum level of employment and support allowance available to him, at any time, if Unum is not satisfied that he has used his best endeavours to obtain such employment and support allowance."

Mr N says he has used his best endeavours to obtain employment and support allowance but it has been refused.

my findings

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

The section of the policy to which Mr N has referred is taken from the policy conditions. This is a generic document that can apply to all policies of this type that have been issued by Unum. It is necessary to look at the policy schedule issued to Mr N's employer to find out what parts of the policy conditions actually apply to that policy.

The policy schedule that was in force when Mr N became incapacitated defines "*basic benefit*" as

"50% of a member's insured earnings then less the [incapacity benefit]"

Incapacity benefit is defined in the policy conditions as:

"...the annual rate of [incapacity benefit] payable to a single person..."

The policy conditions go on to say that incapacity benefit will be deemed to continue to apply after the introduction of employment and support allowance.

I think that it's clear from the policy schedule that Unum can deduct a sum in respect of incapacity benefit when calculating the amount it should pay to Mr N. This applies whether or not he is receiving any benefit. The part of the policy that Mr N has referred to does not affect this.

Given the above, I'm satisfied that Unum has paid Mr N what he is entitled to receive under the terms of the policy.

my final decision

For the above reasons, my final decision is that I don't uphold this complaint. I make no award against Unum Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 11 April 2016.

Charles Bacon
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