

complaint

Ms Y complains that she was given incorrect advice when she sought to make a claim for unemployment benefit under the terms of a payment protection insurance ('PPI') policy. She says she was led to believe by Lloyds Bank General Insurance Limited she would receive some benefit from the policy even if she took on non-permanent work.

background

I issued my provisional decision on this case in March 2014. Due to an administrative error this final decision has been delayed, and I apologise to both parties for the time taken to issue this final decision.

A summary of the dispute and my provisional findings as set out in my provisional decision are outlined below:

- Ms Y took out a loan in August 2005. At the same time she took out the PPI policy to protect the monthly loan payments in the event she suffered an accident, disability or involuntary unemployment, subject to the various policy terms and conditions.
- Ms Y was made redundant at the end of August 2008 and so she contacted Lloyds to make a claim under the policy. Ms Y says that she was advised by an employee of the Lloyds group of companies (by an employee of Lloyds TSB General Insurance) ('Lloyds') or another Lloyds company) that as she could not claim Job Seekers Allowance ("JSA") for six weeks, she ought to take what work she could find. Ms Y found 'bank' (agency) work as a nurse, whereby she was given work as and when her services were required.
- Ms Y says she submitted her claim documentation in September 2008. But in October 2008 when Lloyds contacted her Ms Y says she was informed that she was not eligible to receive unemployment benefit if she was not claiming JSA. She says this was contrary to what she had been advised by the business in August 2008.
- Lloyds says that in October 2008 Ms Y contacted it to advise that she had returned to work. In any event, when Lloyds considered Ms Y's claim, it noted that having taken the 'bank' work she was working more than 16 hours per week. As such, Lloyds concluded that Ms Y did not meet the policy definition of being unemployed, and that she was consequently not eligible for any benefit payments.
- I considered what Ms Y said about having been told by Lloyds that as she could not get JSA for six weeks she should take on the agency nurse work. But the PPI policy Ms Y took out required someone to be out of work – defined as working no more than 16 hours per week - in order to qualify for unemployment benefit. The policy also stated that a policyholder was required to be registered for JSA to be eligible to claim.

By the end of Ms Y's pay in lieu of notice period she had been able to find employment and was working around 37.5 hours a week. Accordingly, in my provisional findings I agreed with Lloyds that she did not qualify for any unemployment benefit. From what Ms Y said I also believed that she understood that she would not be entitled to JSA if she took the agency nurse work. So, in summary, it seemed to me that Ms Y knew or ought to have known that by taking on the amount of work that she did, she would not qualify for unemployment benefit under the policy.

I also concluded that Ms Y had not in any event suffered a financial loss as a result of the erroneous advice she says she received from Lloyds when she first contacted it about claiming: the policy benefit, plus any JSA to which Ms Y might have been entitled, was less than the income Ms Y had in fact received during her period of employment as a 'bank' nurse.

Lloyds responded accepting my provisional decision.

In her response to the provisional decision Ms Y also appears to have broadly accepted my findings. However, she has also said that it seems unfair to her that no compensation should be paid for the shortcomings of Lloyds. She remains unhappy about the advice she was given by Lloyds about how to claim and what the policy covered, and for creating a false expectation that she would receive benefit.

my findings

I have considered all the available evidence and arguments presented by both parties. I have also taken account of the law, relevant rules and regulations and what I consider good industry practice to determine what is a fair and reasonable resolution to this complaint. As neither Lloyds nor Ms Y appears to disagree with my overall findings, I see no reason to depart from my initial conclusions as set out in my provisional decision.

With regard to Ms Y's points about the false expectation she says Lloyds created by its confusing advice about claiming benefit under the policy, I am not persuaded in the particular circumstances here that Ms Y should receive compensation.

my final decision

My decision is that I do not uphold this complaint.

Claire O'Connor
ombudsman