

complaint

Mr H has complained that he was mis-sold a personal accident policy by ACE European Group Limited and that he has not received the benefit he was led to believe he would receive if he had to make a claim under the policy.

background

Mr H took out the policy in 1979. One of the benefits provided by the policy is a daily payment during periods of convalescence following hospitalisation.

In September 2014 Mr H had an accident and made a claim under the policy. ACE accepted the claim but only paid Mr H convalescence benefit for a period of five days.

Mr H was not happy with the amount ACE paid. He said he had been led to believe, when he took out the policy, that he could be paid convalescence benefit until he returned to work. So he complained to ACE. It accepted that the policy had been mis-sold but it did not alter its position regarding the amount of benefit payable. Mr H then referred his complaint to this service.

our initial conclusions

Our adjudicator thought that ACE had, on occasions, given Mr H misleading information. But he thought that ACE had paid him the full amount to which he was entitled in respect of convalescence benefit. Mr H did not accept our adjudicator's conclusions.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Under the terms of the policy, convalescence benefit is only payable for a number of days equal to the number of days a policyholder is hospitalised. Mr H spent five days in hospital and ACE has paid him five days convalescence benefit. Although Mr H was off work for five months, this is not something for which he can claim under the policy.

Mr H has said that, if he had been aware of the limitation on convalescence benefit he would not have taken out the policy. I accept that this is correct. In those circumstances, this service's approach would usually be to put Mr H in the position he would have been in, if he had never taken out the policy. This would usually involve requiring the business to refund all the premiums paid for the policy with interest.

The above approach is, however, not appropriate in the circumstances of this complaint. Mr H has received a settlement of his claim and the amount he has received exceeds the total amount of premiums he has paid with interest. If Mr H had not taken out the policy, he would not have been able to make a claim under it. Consequently, it would not be reasonable for Mr H to receive a refund of premiums as well as the benefit from the policy.

my final decision

For the above reasons, my final decision is that I do not uphold this complaint. I make no award against ACE European Group Limited.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr H to accept or reject my decision before 30 October 2015.

Charles Bacon
ombudsman