

complaint

Mr D is unhappy that The Prudential Assurance Company Limited turned down the claim he made under the disability section of his personal loan payment protection insurance (PPI) policy.

background

In late-2005 Mr D took out a loan and life cover to protect it. That loan was repaid early when Mr D took out a new loan in mid-2006. He also bought a PPI policy at that point which provided him with accident, sickness, critical illness and life cover.

Mr D had to stop working in April 2008 because of problems with his knees and stress. He made a claim under the PPI policy but Prudential refused to pay out. It said the policy terms and conditions were written in such a way that neither medical condition was covered.

Our adjudicator didn't think Prudential had done anything wrong when it rejected Mr D's claim. He thought Prudential had applied the policy terms and conditions appropriately. Mr D didn't agree, so the complaint has been passed to me to look at afresh

my findings

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

I understand Mr D has concerns that the PPI policy was mis-sold to him. But we've considered the sale as a separate complaint against the business that sold the policy. In this complaint I must focus solely on whether Prudential did the right thing when it assessed his disability claim.

Having done so I think Prudential reached a fair decision given Mr D's medical problems and the policy terms and conditions. The adjudicator has already pointed out the relevant sections of the policy terms and conditions, so I won't quote them again. But I'll summarise to explain why I've reached this decision:

- The policy was taken out in 2006 and didn't cover disability relating to a medical condition that had been treated in the 24 months before the policy was taken out. That is unless the policyholder had been symptom free and not consulted a doctor in relation to that condition in the 24 months before the claim was made. Mr D's doctor has confirmed that Mr D started feeling pain and stiffening in both knees back in 2005, the problems continued until he had knee replacement operations in 2007 and the claim was made in 2008. So Mr D had suffered with the condition within 24 months of the policy start date and had been treated for it within 24 months of the claim date.
- Mr D hadn't suffered with stress before he took out the policy so the terms relating to existing medical conditions couldn't be, and wasn't, used to refuse the claim relating to that illness. But Mr D's policy, like many other PPI policies, has a clear and prominent exclusion for any claim relating to *"psychiatric illness or mental disorders including stress or stress related conditions."*

I think the terms and conditions Prudential has relied upon apply in Mr D's case. So I can't fairly say that Prudential did anything wrong when it rejected Mr D's claim.

my final decision

My final decision is that I don't uphold Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr D to accept or reject my decision before 7 April 2015.

Ruth Lewis
ombudsman