

complaint

This complaint concerns the administration of Mr F's disability claim by Lloyds TSB General Insurance Limited (Lloyds) under a loan payment protection insurance (PPI) policy.

For clarity, I am aware that Mr F has concerns about how his finances generally have been handled by the banking arm of Lloyds. However, this complaint concerns only the actions of the insurer. If Mr F has concerns about his finances with the bank, he would need to raise this with the bank – which is a separate company – in the first instance.

background

Mr F says that Lloyds delayed paying his monthly benefit in a timely manner during the course of a disability claim. He says that this has contributed to his problems with his bank. He also believes that the policy should have cleared his debt once the claim had continued for 12 months.

Lloyds disagreed and has said that Mr F delayed sending in evidence of his claim on a number of occasions during the course of the claim – this is why payments were delayed.

Our adjudicator set out in detail the payments that were made to Mr F during the claim. I do not intend setting out the detail of the payments again (for reasons discussed below) but I have highlighted some of the bigger gaps in payments.

- The claim form was sent to Mr F in January 2009 but was not returned until April 2009 when the claim was assessed and paid.
- Payments ceased from July 2009 due to a lack of medical evidence. It appears that Mr F contacted Lloyds in September 2009. On receipt of evidence of continuing disability, the claim was paid in that month.
- Payments again ceased in December 2009/January 2010. Lloyds sent Mr F a declaration to be signed confirming ongoing disability. This was chased by Lloyds and was received back in February 2010 and the claim was paid.
- In May 2010 Lloyds identified a gap in the sick notes. It chased evidence covering the missing period in May, July and August. Mr F wrote to Lloyds in the May 2010 saying he had sent the evidence. Lloyds explained that it was concerned about the gap it had identified. The evidence was subsequently received in September 2010 and the claim was paid until October 2010.
- In November 2010 a continuation claim form was sent to Mr F. This was not received back by Lloyds so, despite chasing it up, the claim was closed. Lloyds incorrectly said that the reason for this was that Mr F had returned to work. Lloyds subsequently apologised for this error and offered Mr F £50 compensation for its error.

Our adjudicator also explained that the policy did not pay off the loan after 12 months.

Mr F has not specifically disputed our adjudicator's interpretation of his complaint. Despite being asked to set out his concerns, he has not done so. However, his representative has said on his behalf that he feels Lloyds have not treated him fairly. He has not asked me to consider any further evidence in relation to this complaint.

However, Mr F has provided further medical evidence – so the claim can continue – which our adjudicator has passed onto Lloyds.

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 case.

I have borne in mind the terms of the insurance contract, the law and good insurance practice, and have also considered all of the evidence and arguments from the outset, in order to decide what is fair and reasonable in the particular circumstances of this complaint.

After doing so, I have reached the same conclusion as the adjudicator and do not uphold the complaint. I explain why below.

I am in agreement with our adjudicator that the policy does not pay off the loan in the event that a claim lasts for more than 12 months. The policy does pay off the loan in the event that the policyholder suffers from a critical illness. However, Mr F's condition is not one of the listed critical illnesses.

Turning to the administration of the claim, the policy requires that evidence of disability is provided by a doctor. So I am satisfied that Lloyds acted reasonably in expecting evidence that Mr F was unable to work as a result of his condition.

The policy also explains that *"subject to receipt of the required evidence, your payment will be made after each continuous and complete 30 day period."* This appears to explain why Lloyds sometimes made payments in 30 day blocks when on some occasions Mr F's evidence went beyond that (though I also note that it sometimes made pro-rata payments).

I have no reason to doubt that on some occasions Mr F sent evidence that was not received by Lloyds. Regrettably post is not always delivered and faxes (which Mr F sometime used) can go astray. I am also conscious that Mr F's condition may have made it difficult for him to comply with the process as easily as he otherwise might.

However, I am not satisfied that Lloyds deliberately delayed making payments – either wilfully or as a result of incompetence. I am also satisfied that when there was an absence of evidence, it made reasonable efforts to chase the evidence up.

So I suspect that on occasions mistakes were made by Lloyds – indeed, it acknowledges that it closed the claim erroneously. But I do not find that it generally acted unreasonably in its dealings with Mr F, and that it tried to treat Mr F fairly in the context of a system that perhaps did not suit Mr F as well as it might. And in relation to Mr F, I find that there were occasions when he did not send in evidence of his disability in a timely manner. I do though sympathise with Mr F in this regard – I suspect he was under a lot of pressure during the course of this claim.

In any event, Lloyds should deal with Mr F's latest medical evidence (and therefore claim) sensitively and in a timely manner. However, I am not satisfied that Lloyds acted unreasonably in relation to this complaint to the point that its handling of the matter would merit an award of compensation.

my final decision

My final decision is that I do not uphold this complaint and make no award against Lloyds TSB General Insurance Limited.

Michael McMahon
ombudsman