

complaint

Mrs B is unhappy that Legal & General Insurance Limited (“L&G”) stopped her unemployment claim on her mortgage payment protection insurance (“PPI”) policy.

Another business administered the policy, but L&G as the underwriter are ultimately responsible for the assessment and payment of claims under this policy – and so are responsible for this complaint. So within my final decision I’ll only refer to L&G. But in referencing L&G, this includes the actions of the business responsible for administering the policy and/or the claim.

background

I issued my provisional decision on 19 July 2019. A copy of my provisional decision is attached and forms part of my final decision.

My provisional decision sets out the background to this complaint. It explained why I provisionally upheld Mrs B’s complaint in part.

Both parties confirmed they received my provisional decision.

L&G responded saying it agreed with my provisional findings and had nothing further to add.

Mrs B remained of the opinion that she felt let down by L&G as she was told that her claim would continue to be paid, as long as she proved she was working less than 16 hours a week.

my findings

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

I’ve listened to what Mrs B has said about what L&G told her – but I did explain within my provisional decision that I agreed L&G did cause confusion by giving Mrs B the impression that she could continue to claim as long as she proved she was working less than 16 hours a week.

But, and importantly, I explained why it was fair for the claim – despite the confusion – to only be paid up until the 11 May 2018.

This was because of the call Mrs B had with L&G on 11 May 2018. From this, I was satisfied that Mrs B, at this point, was made aware that being registered as unemployed was a requirement of her claim to continue.

As Mrs B didn’t re-register with the Benefits Office, or attempt to re-register and let L&G know what the outcome was if there were any complications in doing so, I considered it was fair for the claim to stop on 11 May 2018.

I appreciate that Mrs B will be disappointed, and I know Mrs B feels strongly about her complaint, but I haven’t seen anything that changes my opinion.

my final decision

For the reasons give above, and within my provisional decision, I uphold this complaint in part.

My final decision is that:

- L&G acted fairly in not seeking to recover the claim payment of £891.12 which was for the period 4 March 2018 until 5 April 2018
- L&G caused confusion around the requirements Mrs B needed to satisfy for her unemployment claim. Because of this, Mrs B was given the impression that she could claim despite not being registered as unemployed. It wasn't, in my opinion, until 11 May 2018 that this confusion was cleared up and Mrs B was made formally aware during her call with L&G that she needed to be registered as unemployed for her claim to continue.

Because of this, L&G should pay Mrs B a further claim benefit covering the period 5 April 2018 until 11 May 2018.

- As Mrs B didn't re-register with the Benefits Office from 11 May 2018 – L&G doesn't need to do anything further in respect of Mrs B's unemployment claim.
- L&G's additional compensation award to Mrs B of £150 (in total) for the confusion and inconvenience caused is fair. If this hasn't been paid L&G should reissue the payment or cheque.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 21 September 2019.

Matthew Horner
ombudsman

Copy of Provisional Decision

complaint

Mrs B is unhappy that Legal & General Insurance Limited ("L&G") stopped her unemployment claim on her mortgage payment protection insurance ("PPI") policy.

Another business administered the policy, but L&G as the underwriter are ultimately responsible for the assessment and payment of claims under this policy – and so are responsible for this complaint. So within my provisional decision I'll only refer to L&G. But in referencing L&G, this includes the actions of the business responsible for administering the policy and/or the claim.

background

In May 2017, Mrs B became unemployed. Mrs B submitted an unemployment claim to L&G in November 2017. The claim was assessed, accepted and claim benefits were paid.

In March 2018, Mrs B contacted L&G to inform them that she had found a new job. Mrs B's contract was for 52 hours a year. Mrs B was guaranteed at least one hour a week but with the possibility of more hours. Mrs B explained that it was less than 16 hours a week but the amount of hours would vary and she would receive short notice as to when she was required to work. Because of the varying hours and short notice Mrs B told L&G she wouldn't be able to continue to sign on with the Job Centre (Benefits Office).

Mrs B wanted to know how this would impact her ongoing unemployment claim. L&G's adviser explained that the claim could continue as long as it was satisfied that Mrs B was working less than 16 hours a week.

Mrs B provided the necessary information to L&G. Mrs B then received a letter on 12 April 2018 saying that the claim payment had been made.

L&G explained in its letter that as Mrs B was working less than 16 hours per week her claim payment was not affected, providing she continued to actively seek full time employment. L&G also asked that when Mrs B submitted her 'continuing claim form' each month she also provided a copy of her wage slip(s) for the work she had completed during that month, so it could ensure that Mrs B was working less than 16 hours a week.

L&G also explained that it wanted a copy of the Benefits Office P45 that was issued to Mrs B when she had to sign off or any other documents Mrs B had to support the Benefits Office decision to stop her claim with them.

Mrs B provided the P45. Upon receiving the information – L&G wrote out to Mrs B on 3 May 2018. It said that as Mrs B's registration with the Benefits Office had ended on 4 March 2018, it had paid Mrs B's claim when it shouldn't have. This was because the policy terms required Mrs B to be registered as unemployed with the Benefits Office.

L&G asked Mrs B to pay back the claim amount she had received when she shouldn't have done. This was for the period 4 March 2018, when Mrs B was no longer registered as unemployed with the Benefits Office, up until 5 April 2018 – when it paid that month's claim benefit. The amount it asked Mrs B to pay back was £891.12

Unhappy, Mrs B contacted L&G on 11 May 2018. Mrs B explained that she had informed L&G that she wouldn't be able to continue to sign on with the Benefits Office because of the employment she had undertaken – and was told that it wouldn't affect her claim.

L&G realised that there had been confusion and an error on its part. It explained that as Mrs B had told them about her situation before and as it hadn't clearly explained that she needed to still be registered with the Benefits Office, it wouldn't seek to recover the claim payment. It also explained that, going forward, if Mrs B wanted to continue to claim, she would need to be registered with the Benefits Office. Finally it offered Mrs B £50 as compensation for the confusion it had caused.

Nothing further happened until July 2018 when Mrs B wrote to L&G to formally complain. Mrs B reiterated the reasons why she was unhappy that her claim wasn't continuing.

In August 2018, L&G issued its formal response. It maintained that in order for the claim to continue, Mrs B needed to be registered as unemployed with the Benefits Office. But it did accept that Mrs B hadn't been given the clearest advice and offered a further £100.

Mrs B remained unhappy and brought the complaint to our service.

Our adjudicator upheld the complaint. He said the intention of the policy terms regarding being registered as unemployed was to ensure the policyholder was trying to find their way back into work, which was a requirement of receiving unemployment benefit. He thought Mrs B had shown this through trying to get back into work and having undertaken a role that offered some hours of work. And as Mrs B was given the impression she could continue to claim as long as she was working less than 16 hours a week, he thought L&G had unfairly ended Mrs B's claim.

Our adjudicator recommended that L&G continue to pay the claim up until Mrs B's unemployment ended because she returned to full time employment or the maximum duration Mrs B could claim had been reached.

As L&G disagreed with the adjudicator's opinion, the matter has been referred to me.

my provisional findings

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

Mrs B's claim was made, and was being paid. This complaint centres on whether L&G ended the claim unfairly.

First, having looked at the terms of Mrs B's policy, I can see they do require her to be registered as unemployed with the Benefits Office for an unemployment claim.

This is not an unusual term and it is a common requirement from an insurer to a consumer who is seeking to claim unemployment benefit. Being registered as unemployed with the Benefits Office is independent evidence that insurers can rely on to show that a consumer is unemployed or out of work and is actively looking for work.

Mrs B managed to find some work while she was unemployed and looking for full time employment. The contract was for one hour a week – but with the possibility of more hours. Mrs B because of the short notice she would receive about her working times, ended her registration with the Benefits Office. Mrs B's registration with the Benefits Office is recorded as ending on 4 March 2018.

So, Mrs B had already ended her registration as unemployed, prior to contacting L&G on 12 March 2018 when she called to see what it meant for her claim.

I've listened to the call Mrs B had with the adviser on 12 March 2018. I agree that there was confusion and the adviser should have been able to deal with Mrs B query better than they did. I think the adviser thought that the Benefits Office had stopped Mrs B's unemployment benefits and not the other way round. It's clear that this led to confusion on L&G's side. I can see why Mrs B was left with the impression that her claim could continue despite not being registered with the Benefits Office. But the adviser did also say for Mrs B to explain everything when she submitted her next 'continuing claim form'.

Mrs B did submit her 'continuing claim form' explaining her situation. The claim payment was paid, and L&G asked Mrs B for continuing evidence each month to show that she was working less than 16 hours a week. It also asked for the P45 she would have received when she signed off from the Benefits Office.

When L&G understood that Mrs B had signed off from the Benefits Office it asked for the claim payment it had made to be returned. When Mrs B contacted L&G about this, I am glad to see that L&G spotted that there was confusion that stemmed from their side and agreed to not recover any claim payment it had paid. Mrs B had been open and honest in supplying the information about her circumstances and it was for L&G to give her correct information about what the policy requirements are for her unemployment claim. L&G offered £50 for the inconvenience caused at this point.

But, listening to this call Mrs B had with L&G, it did make Mrs B aware that being registered as unemployed with the Benefits Office was a requirement of the policy if she wanted her unemployment claim to continue.

Mrs B explained that she had difficulty in getting to the Benefits Office every two weeks because of the short notice she was given about the hours she would be working. This was discussed a little, but ultimately the adviser explained that Mrs B did need to be registered as unemployed. Mrs B said that she would contact the Benefits Office to see if she could re-register and would get back in touch with L&G.

But I can't see that anything further happened.

Mrs B had signed off from the Benefits Office on 4 March 2018, prior to her starting the new job and prior to her informing L&G about what impact this would have on her claim. I appreciate that being given short notice of what hours you will be working can make it difficult to meet an appointment with the Benefits Office. But I can't see that Mrs B attempted to try and work the hours she was given whilst trying to remain registered as unemployed. It may have been the case that her working hours didn't clash with her Benefits Office appointment which Mrs B says was once every two weeks.

And when Mrs B was informed in May 2018 that she did need to be registered as unemployed to continue the claim, I can't see that Mrs B pursued this and contacted L&G to let them know the outcome of any conversations she had with the Benefits Office.

So as it stands, I am of the opinion that Mrs B didn't make a reasonable attempt to comply with the policy terms of being registered as unemployed.

L&G did cause confusion by giving Mrs B the impression that she could continue to claim, but overall L&G did pay her claim up until 5 April 2018 which included the period Mrs B wasn't registered as unemployed. As that was L&G's mistake with the advice it gave, it was fair that it didn't seek to recover that payment.

But, and importantly, Mrs B from 11 May 2018 was aware that being registered was a requirement of her claim to continue. Mrs B didn't re-register with the Benefits Office, or attempt to re-register and let L&G know what the outcome was if there were any complications in doing so.

Overall I think Mrs B could have remained registered as unemployed despite finding work. If there was a clash with her work conflicting with her appointment with Benefits Office and she missed her appointment, she could have let the Benefits Office know the reason and arranged to reschedule the appointment. And Mrs B could have kept L&G updated also.

That said, although Mrs B had signed off from the Benefits Office, she was given the impression that she could continue to claim. The claim was paid up until 5 April 2018. But in my opinion, Mrs B would have been reasonably aware that being registered as unemployed was a definite requirement, when Mrs B and L&G spoke on 11 May 2018.

So I think Mrs B is owed a further claim payment, covering 5 April 2018 until 11 May 2018. I say this because for this period Mrs B was under the impression that her claim was continuing and the confusion about continuing to be registered as unemployed hadn't been cleared up. So Mrs B was under the impression that she didn't need to be registered and as long as she provided wage slips showing she was working less than 16 hours a week for her employer and provided evidence to show that she was actively seeking full time employment, her claim would be met.

As Mrs B was aware on 11 May 2018 that she needed to be registered as unemployed for her claim to continue and didn't pursue re-registering or informing L&G of the Benefits Office decision if this was declined, then L&G don't need to pay the claim beyond this date.

Finally, in respect of the additional compensation payments L&G offered Mrs B for the confusion caused, I can see in total it offered £150. £50 was initially offered in May 2018. And a further £100 was offered in its letter to Mrs B in August 2018.

I think this is a fair amount for the confusion caused by L&G. Also L&G acted fairly in not seeking to recover the claim payment for the period Mrs B wasn't registered as unemployed – due to the confusion it caused.

It appears the £50 compensation was to be processed to Mrs B's account with the £100 compensation being issued by cheque. I am unsure whether these have actually been paid or cashed – if they haven't, L&G should ensure they are.

my provisional decision

For the reasons give above, I am provisionally minded to uphold this complaint, in part.

My provisional decision is that:

- L&G acted fairly in not seeking to recover the claim payment of £891.12 which was for the period 4 March 2018 until 5 April 2018
- L&G caused confusion around the requirements Mrs B needed to satisfy for her unemployment claim. Because of this, Mrs B was given the impression that she could claim despite not being registered as unemployed. It wasn't, in my opinion, until 11 May 2018 that this confusion was cleared up and Mrs B was made formally aware during her call with L&G that she needed to be registered as unemployed for her claim to continue.

Because of this, I think L&G should pay Mrs B a further claim benefit covering the period 5 April 2018 until 11 May 2018.

- As Mrs B didn't re-register with the Benefits Office from 11 May 2018 – L&G doesn't need to do anything further in respect of Mrs B's unemployment claim.
- L&G's additional compensation award to Mrs B of £150 (in total) for the confusion and inconvenience caused is fair. If this hasn't been paid L&G should reissue the payment or cheque.

I invite both parties to respond with anything further that they wish for me to consider. They should do so by the date set out at the start of this decision.

Matthew Horner
ombudsman