complaint

Mr G complains that UK Insurance Limited ("UKI") delayed paying a claim he made on a payment protection insurance (PPI) policy – and as a result he says he suffered significant financial difficulties.

background

Mr G became unemployed and made a claim on his PPI policy. UKI said the circumstances of the claim were not covered. But about two years later, after Mr G complained and gave more information, UKI said it would pay the claim.

Mr G says he suffered a great deal of stress as he was unable to meet his financial commitments; and that he also lost money from having to sell a vehicle at a loss.

Our adjudicator didn't think Mr G's complaint should succeed. Mr G is unhappy with this and so the complaint has come to me for a decision.

my findings

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

The UKI originally refused to pay because it said the claim had been caused by the ending of a fixed term contract. This was true, because Mr G had been employed for only a couple of months in a temporary contract.

In fact Mr G had also been unemployed for three months before this, but had not made a claim before he took on the temporary job. If he had made a successful claim for that earlier period of unemployment, he'd have been allowed under the policy to take temporary work and then resume his claim if that work ended.

When UKI did realise this, it offered to treat Mr G as though he had made a previous successful claim. It said it would treat the two months work as a temporary pause in the "claim" and then start paying him benefit for the time after he lost the temporary job. I think that strictly it didn't need to do this under the terms of the policy as Mr G hadn't actually made that earlier claim – although it would probably be unreasonable if it refused once it had all the facts. So I don't see its agreement to pay the claim as proof it made a mistake earlier. Instead I think that, based on the information it had, it didn't make a mistake. I don't think, from the information Mr G gave at the time, it should have realised he might have a valid claim.

I'm not aware if Mr G has made a backdated claim for the earlier period of unemployment. But it is not part of this complaint and so I have not needed to look at that.

my final decision

I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr G to accept or reject my decision before 8 February 2016.

Timothy Bailey
ombudsman