

The complaint

Mrs M is represented by her husband Mr M. He is unhappy with how life Aviva Life & Pensions UK Limited have settled a claim made under Mrs M's long-term care bond.

What happened

Mrs M held a long-term care bond which pays a benefit to cover the cost of long-term care.

Mrs M has complex care needs and is cared for by Mr M. There's no dispute that she has a valid claim under her long-term care bond. However, Aviva has agreed to pay half the total benefit because Mrs M is being cared for by Mr M, as opposed to a care provider they've contracted with.

Mr M is unhappy with Aviva's decision to limit the benefit to 50%. Mr M wants Aviva to pay the full benefit as Mrs M can't be cared for by anyone else. Due to her condition she's unable to accept other people into the home and isn't able to accept personal care from anyone other than Mr M.

Our investigator looked into what had happened. She didn't think that Aviva's decision to pay half of the benefit was unreasonable. She explained the policy terms specifically defined 'care provider' and the policy was underwritten on the basis that care would be provided by care providers, as opposed to family members.

Mr M didn't agree and asked an ombudsman to review the complaint. In summary, he said that Aviva should be able to contract with him. So, the complaint has been passed to me to make a decision.

What I've decided – and why

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

The relevant rules and industry guidelines say that Aviva has a responsibility to handle claims promptly and fairly. And they shouldn't reject a claim unreasonably.

There's no dispute that Mrs M is entitled to claim on the policy. The key issue is whether Aviva's decision to pay half the benefit is fair.

The policy terms and conditions say:

Where Long Term Care Benefit is to be paid:

'Your Care Counsellor will help you to choose Care Providers to provide you with the Care Services you need and we will contract direct with the Care Providers to provide you with Care Services which in total do not cost more than the Long Term Care Benefit and we will pay the Care Providers direct for the Care Services.'

'Care Provider' is defined as:

'This is an organisation or an individual with whom we have contracted to provide Care Services'.

'Care Services' is defined as:

'These are medical, nursing and domestic services provided to you and for which we contract. They are services which are intended to assist you to undertake the Activities of Daily Living which you are otherwise unable to undertake, or with your Mental Impairment Care Services include (sic) the accommodation and supervisory services you receive while living in a residential or nursing home, and while you are living at home, domestic services such as cooking, cleaning and shopping'.

Was it unreasonable for Aviva to limit the benefit to 50%?

I've thought carefully about Mr M's testimony about the circumstances of this case. That includes what he's said about Mrs M being unable to accept other people into the home, due to her illness. I have a lot of empathy with Mr M's position and can understand why it's upsetting that the full benefit isn't being paid. However, I don't think Aviva's decision to limit the benefit is unreasonable for the reasons I'll go on to explain.

The starting point is the policy terms and conditions. The terms make it clear that Aviva will contract with Care Providers to provide Care Services. Both terms have specific definitions and there is no scope within the policy for such care to be offered by family members. So, on a strict interpretation of the policy terms there is no cover for the specific circumstances surrounding Mrs M's care needs.

In agreeing to pay half of the benefit as a cash payment to Mr M, Aviva has stepped outside the policy terms and conditions which I think is fair and reasonable. I've therefore gone on to consider whether the amount Aviva has agreed to pay is fair.

Aviva has explained that the type of care the policy covered was priced to reflect that the long-term care was provided by a Care Provider, as opposed to a benefit payable to the policyholder's family. That is something that is factored into the price of the policy.

Aviva has therefore considered Mrs M's claim in a similar way to a claim under a policy which did provide a benefit that family members. As I've outlined above that's something that's not strictly covered by the policy terms. So, I think in paying Mr M half of the benefit Aviva has acted fairly and reasonably.

I don't think it would be reasonable to direct Aviva to contract with Mr M as he's suggested. Whilst it's clear that Mr M cares for Mrs M he's not a qualified or professional carer. The policy is designed to cover a contractual relationship between Aviva and qualified providers. As I've explained, that's something that's factored into the price of the policy.

My final decision

I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 1 August 2023.

Anna Wilshaw
Ombudsman