

The complaint

Ms S is unhappy that her Lifestyle Cover Insurance policy didn't pay out as quickly as she expected it to.

What happened

Ms S was made redundant in March 2023 and received a payment in lieu of a three-month notice period. She says she didn't know she'd have to wait months to start to receive a benefit under the policy. And she's unhappy because she says Amtrust inaccurately said important documentation was sent to her old address, when she'd not moved since the policy was inception.

Amtrust said they had applied the relevant policy terms. They explained that during a conversation with Ms S in 2021 they confirmed her full address and resent the renewal documentation to her. A similar issue occurred the following year.

Our investigator looked into what had happened and didn't uphold Ms S's complaint. He thought Amtrust had acted in line with the policy terms and was satisfied that Ms S had most likely been sent the correct terms by post despite the difficulties with her address.

Ms S didn't agree and asked an ombudsman to look into her complaint. She re-iterated her concerns about the documents being posted to her and asked for the evidence the investigator had relied on. The investigator sent Ms S some further information. So, the case 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.

I'm very sorry to hear that Ms S was made redundant. I appreciate that it was worrying and upsetting that her policy didn't pay out a benefit. However, for the reasons I'll explain I don't think Amtrust has acted unreasonably.

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

Non-payment of benefit due to a payment in lieu of notice

The policy terms and conditions also say:

When does Your claim begin?

We treat the first date of Your Unemployment as the later of:

- The day after the date of any Payment in Lieu of Notice expires;
- The date You registered as Unemployed with a Jobcentre...

It also says:

We won't pay benefit if:

You receive Payment in Lieu of Notice. We won't consider you Unemployed for the days you are paid.

Ms S received a payment in lieu of notice which expired at the end of June 2023. So, I think it was fair for Amtrust to say she couldn't claim for that period of time as the terms make it sufficiently clear that Ms S wouldn't be considered as unemployed during that time.

Non-payment of benefit during the excess period

In line with the terms I've outlined above I think Amtrust reasonably concluded that Ms S shouldn't be considered as unemployed until the end of June 2023.

Amtrust said it wouldn't pay Ms S for the 60 days following the expiry of the payment in lieu of notice as the waiting period of 60 days meant no payment was due in July and August 2023.

I've looked at Ms S's policy schedule which says that she has an 'excess period' of 60 days. The excess period is defined as the number of days that Amtrust don't pay benefit at the start of the claim. The policy also says:

We will make the first Benefit payment 31 days after the Excess Period ends. [...] If You choose a 60-day Excess Period, We will pay 30 Days' Benefit to You 91 days after the first day of Your claim."

I don't think Amtrust unreasonably applied the waiting period of 60 days, following the period in lieu of notice. And I think they reasonably suggested any payment due would be paid at the end of September 2023.

Issues with correspondence

I've seen a letter from September 2021 which explains that, in summary, the underwriter of the policy is changing. I've also seen a letter from August 2022 which says Ms S's renewal documentation was sent to her old address. It included a copy of the renewal documentation.

I accept what Ms S says about her not having an 'old address' as she's explained she hasn't moved since the policy was taken out. However, this doesn't change my thoughts about the overall outcome of the complaint. That's because I'm satisfied that it's most likely Ms S was given a copy of the renewal documentation when the issue with her address was sorted out.

In reaching my conclusion I've taken into account what Ms S has said about not receiving some of the correspondence by post. However, the two most relevant letters are correctly addressed, and I'd usually expect correctly addressed mail to arrive. So, on balance, I'm persuaded that it's most likely Ms S did have the renewal documentation in August 2022. In any event, I also note that she provided a copy of the letter from August 2022 which makes me think it's most likely she had a copy of the relevant policy documentation at renewal, and prior to her needing to claim on the policy.

Payment of Premiums

The policy terms and conditions say:

If you make a claim under the Policy you must pay the Premium in full for the Period of Insurance in which the claim occurs.

So, I think Ms S needs to pay the premiums in line with the policy terms. I think that's also fair and reasonable.

My final decision

I'm not upholding Ms S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 14 November 2023.

Anna Wilshaw
Ombudsman