

The complaint

Mr F complains that his income protection policy has been cancelled at a time when he is expecting to be made redundant.

What happened

Mr F took out an income protection policy in 2011. The policy was previously underwritten by another insurer, but is currently underwritten by Monument Life Insurance DAC ("Monument"). The policy was designed to provide Mr F with a fixed monthly benefit for a period of up to 12 months, in the event that he was made unemployed. And the policy was set to run until Mr F was 70 years old.

On 10 May 2023, Monument wrote to Mr F. It said it was withdrawing its income protection policies. The last premium payment would be taken on 21 June 2023 and Mr F's cover would end on 30 June 2023.

The policy terms and conditions state the following about cancellation by the underwriter:

"We can cancel your insurance by giving you 30 days' notice in writing. This does not affect your rights in respect of a claim arising prior to the cancellation date of your Policy."

Mr F said he's aware he will be made redundant by his current employer by the end of 2023, but this hasn't happened yet. So, he said he'll no longer have the protection of the policy he has been paying for since 2011, and will be unable to obtain a new policy with another provider, as the risk is now known. And he complained to Monument.

Monument said the policy cover will end on 30 June 2023. However, it said if Mr F is made redundant before the end of August 2023, he can make a claim and it will make an ex gratia payment to him.

Unhappy with the response, Mr F brought his complaint to this service. He said he's likely to be made redundant at some point between September and December 2023.

An investigator here looked into what had happened. They said they didn't think Monument had done anything wrong. And said its offer to make an ex-gratia payment towards a claim for a redundancy taking place within two months of the cover ending, was fair.

Monument made no comment on the investigator's view. However, Mr F disagreed and asked for a decision from an ombudsman. In summary he said he thought it was unfair that Monument could stop offering a product he had been paying into for many years. And he said he didn't think his personal circumstances had been taken into account. He said the insurer had said he could take out alternative cover, but in his position he cannot.

And so, the case has been passed to me to decide.

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.

And I've looked at the relevant rules and industry guidelines, which say Monument has a responsibility to communicate in a way which is clear fair and not misleading. And must act honestly and fairly.

Mr F has referred to the Consumer Duty. This was introduced on 31 July 2023 and isn't retrospective. So it doesn't apply to this case, as the event complained about happened before this was introduced. I will consider the rules and standards that were in place at the time instead, as above.

Having reviewed this complaint, I don't think Monument has done anything wrong. And I'll explain why.

- The policy terms allow Monument to cancel the cover and say it must provide 30 days' notice.
- I'm satisfied Monument gave adequate notice by writing to Mr F on 10 May 2023, before his cover was cancelled on 30 June 2023.
- I appreciate Mr F would have preferred to have continued with his unemployment cover as he expected when he took it out. However, we cannot interfere with a commercial decision taken by a business to no longer offer an insurance product. And as I've stated above, the policy terms provide the insurer with the right to cancel.
- Monument's letters gave information about taking out alternative policies elsewhere. I understand in Mr F's particular circumstances, he's said can't take out new unemployment cover, as he's already aware that he is going to be made redundant. However, I'm not persuaded Monument has done anything wrong in providing this generic information to all of its customers, when it gave notice of cancellation.
- Mr F has said his personal circumstances haven't been considered, as he will be made redundant by the end of this year, and that will have a significant impact on him and his family. However, I think Monument has considered this, as it has made an offer to consider a claim after the policy cover ended on 30 June. It said it would consider a claim if Mr F is made redundant by the end of August 2023, and that it would offer an ex gratia payment.

As I've not found that Monument has done anything wrong, I wouldn't direct it to consider any claim after the end of the policy. And I think the fact that it has offered to do so, shows it is acting fairly towards Mr F. I note from what Mr F has said, that it's unlikely that he will be made redundant by the end of August 2023, and that it could be any time up until the end of 2023. However, as Monument isn't required to consider any claims after 30 June 2023, I won't be asking it to extend its offer beyond the end of August 2023.

I think Monument made a legitimate commercial decision that it no longer wanted to offer this particular policy. This decision was applied across all policyholders and Mr F was given adequate notice of it. I appreciate Mr F now finds himself in a very difficult position, without cover for his impending redundancy, but I can't reasonably conclude that Monument acted unfairly.

My final decision

For the reasons I've given, it's my final decision that I do not uphold this complaint. And I make no award against Monument Life Insurance DAC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 19 September 2023.

Gemma Warner
Ombudsman