

The complaint

Mr E has complained that Covea Insurance plc has declined an unemployment claim he made on his mortgage payment protection insurance (PPI) policy.

What happened

Mr E was made redundant in December 2022 and received pay in lieu of notice (PILON) until 13 March 2023. Mr E then had his 65th birthday in February 2023, which was before the qualifying period for the claim to start paying out. Covea then declined the claim due to the policy only providing cover up to the age of 65. It also rejected his complaint.

More recently, this service asked Covea if it would refund the premiums from when Mr E first made contact about the claim in December 2022, to which it agreed. Mr E isn't happy with that as a settlement and would like his unemployment claim to be paid.

I wrote a provisional decision earlier this month in which I explained why I thought Covea's offer was fair. Mr E sent in some additional comments that I will address below.

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 policy terms state the following:

*'When Does Your Policy End. The cover provided by this policy and all monthly benefit payments may end immediately, if any of the following happen:
You reach 65 years of age'*

So, I think it's very clear from the policy wording that cover ends at the age of 65.

As I said in my provisional decision, it is also clear from the policy wording that an unemployment claim will start to pay out from 30 days after the last day of work. And a person is considered to still be employed during any PILON period. As Mr E's was receiving PILON until 13 March 2023, the qualifying period would be 30 days from then.

I can't agree with Mr E that the policy was not fit for purpose. Had he been made redundant at some earlier point, it's likely that he'd have been able to make a successful claim. It is only the fact that he has turned 65 that has prevented him from doing so now.

Mr E rang Covea on 20 December 2022 to enquire about making the claim. As I said in my provisional decision, had he been told on that date that his cover would end on his 65th birthday in February 2023, before the qualification date for his unemployment claim, I consider it more likely than not that he would have cancelled the policy straight away and so he wouldn't have paid any premiums from that point. This is the reason why Covea has now agreed to refund the payments made after that point.

In response to my provisional decision, Mr E says that Covea has been forced to offer this refund and it is too little too late. He says that, as a minimum, he should receive one month's mortgage payment.

I am sorry that I am not able to give Mr E better news. But, as set out above, the policy doesn't provide cover after the age of 65, As such, I'm unable to conclude that Covea should pay any part of the claim. And I think that its offer, although belated, is fair.

Putting things right

Covea should:

- Refund the premiums that Mr E paid after 20 December 2022.
- Add simple interest to each payment from when she paid it until she gets it back. The rate of interest is 8%.†

† HM Revenue & Customs requires Santander to take off tax from this interest. Covea must give Mr E a certificate showing how much tax it's taken off if he asks for one.

My final decision

For the reasons stated, my decision is that Covea Insurance plc doesn't have to pay the claim. However, it should refund the premiums, with interest, as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 16 January 2024.

Carole Clark

Ombudsman