

The complaint

Mr P is unhappy with how Canada Life Limited handled a claim he made on his employer's group income protection policy.

What happened

Mr P made a claim on his employer's group income protection policy. The claim was accepted and Canada Life began to pay benefit to Mr P. However, Mr P received substantially less money than he was expecting. This was due to his 'salary sacrifice' arrangements which reduced the earnings appearing on his P60.

Canada Life hadn't agreed to cover this arrangement when the policy was taken out and so paid Mr P the salary on his P60. They met with Mr P's employer and agreed to cover the arrangement, outside of the policy terms, and backdated the payment. Mr P complained to Canada Life about the undercalculation of the benefit and delays in handling the claim.

Canada Life explained why they'd paid a lower benefit initially and offered £250 for delays which they'd identified during the time in which the claim was being assessed. Unhappy, Mr P made a complaint to the Financial Ombudsman Service.

Our investigator looked into what had happened and didn't uphold Mr P's complaint. He didn't think Canada Life had acted unreasonably when assessing the claim. And he thought the £250 compensation was fair.

Mr P didn't agree and asked an ombudsman to review his complaint. He said that he wanted to provide more information. Mr P asked for additional time to respond due to illness and our investigator asked for further information before agreeing to an extension. Mr P didn't provide any further information despite a further email from our investigator to confirm that the case was now awaiting review by an ombudsman. So, I now need 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 Canada Life has a responsibility to handle claims promptly and fairly.

I'm not upholding this complaint as I don't think Canada Life needs to do anything further to put things right. I say that because:

- I think Canada Life reasonably relied on Mr P's P60 earnings when assessing the claim. That was in line with the relevant policy terms applicable to the group scheme.
- Canada Life met with Mr P's employer and agreed to step outside the policy terms and cover the difference between the P60 earnings and his total salary before salary sacrifice was applied. I think that was fair and reasonable.

- A payment was made to Mr P's employer as a back payment to cover the difference between the reduced payments and the updated calculation. I'm satisfied that payment was made within a reasonable timescale.
- There were some short delays in the claim being handled which Canada Life acknowledged when responding to Mr P's complaint. Some delays were outside of Canada Life's control, for example when they were waiting for medical evidence.
- Mr P was sometimes pointed to his employer for information during the claims process. I think Canada Life has given Mr P a reasonable explanation as to why that was appropriate. So, I'm not persuaded that was unreasonable in the circumstances of this case.
- I think the offer of £250 fairly reflects the impact of the delays in Canada Life's control on Mr P at a time when he was worried and unwell. However, I don't think it's fair and reasonable to increase the award as I'm satisfied £250 fairly reflects the distress and inconvenience caused to Mr P.

My final decision

Canada Life Limited has already made an offer to pay £250 to settle the complaint and I think this offer is fair in all the circumstances. So, my decision is that Canada Life Limited should pay £250 if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 15 November 2023.

Anna Wilshaw
Ombudsman