

The complaint

Ms M has complained that Unum Ltd has declined a claim she made under her employer's group income protection policy.

What happened

The background to this complaint is well known to the parties, so I won't repeat it in detail here. In summary Unum declined to fully assess Ms M's claim because it had been made outside the period set out in the policy terms. Our investigator recommended that Unum assess the claim and pay Ms M £200 in compensation.

Unum appealed.

As no agreement has been reached the matter has been passed to me to determine.

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.

Having done so I agree with the conclusion reached by our investigator for these reasons:

- Unum has a responsibility to handle claims promptly and fairly. And it shouldn't reject a claim unreasonably. So I've looked carefully at all the circumstances in order to see if Unum treated Ms M fairly.
- Ms M has the benefit of income protection insurance through her employer's policy. The policy will cover an insured member if they are unable, by reason of illness or injury, to perform the material and substantial duties of their insured occupation. The policy also provides that if a claim is notified more than 90 days from the end of the deferred period (here 52 weeks) Unum has the right not to pay benefit. It is understandable why this term is included – it may be difficult for a member to show their claim was valid, and in turn for Unum to assess, claims made long after this time.
- Nevertheless it would be fair and reasonable for Unum to attempt to assess a claim rather than just decline it on the basis of late notification. Ms M became absent from work in October 2021 (although there was an attempted return to work in January 2022) and the claim was made in April 2023. So it was made six months after the deferred period ended. That is, three months after the time Unum agrees to assess a claim.
- Unum did start an assessment of Ms M's claim but concluded that it didn't have a clear view of Ms M's functioning throughout the deferred period so would decline the claim on the basis of its late notification. I understand that Unum considered its assessment had been prejudiced by the late notification, but as the claim was made only three months out of time it is difficult to see how different this would have been

had the claim been made in time. Unum felt that there were large portions of time during the deferred period where there was no objective evidence to support Ms M's reporting. It seems this would have been the case even if the claim had been made three months earlier. I don't find that Unum was prevented from contacting Ms M to get a detailed understanding of her functional capabilities, or from contacting her GP or treating specialist for an objective view on her functionality at the material time. And I find it would have been reasonable to do so.

- Further Ms M isn't the policyholder – that's her employer. But she is entitled to benefit from the policy. It is unfortunate that notification of the claim was late here, but it doesn't appear that Ms M was personally at fault for this. Ultimately the onus is on her employer to ensure the claim forms are submitted in time. Nevertheless, this failure, for which Unum is not responsible, meant that Ms M had limited time to provide evidence in support of her claim.
- Accordingly I find it would be fair and reasonable for Unum to fully assess Ms M's claim, making further enquiries if it deems they are required. Of course, this may not ultimately mean any change in outcome for Ms M, and she should be aware of this. But at least she will be in a position to make further representations with regard to the substantial outcome on her claim.
- In the circumstances here I don't find it was fair and reasonable for Unum to decline Ms M's claim because of late notification. I'm satisfied this has caused her upset and inconvenience at a time she is already coping with her condition. I find compensation is due and I'm satisfied that £200 is fair and reasonable in the circumstances.

My final decision

My final decision is that I uphold this complaint. I require Unum Ltd to:

- Reassess Ms M's income protection claim
- Pay Ms M £200 in compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 1 March 2024.

Lindsey Woloski
Ombudsman