

## **The complaint**

Mr S is unhappy with the way in which The Royal London Mutual Insurance Society Limited handled a claim made on a life and critical illness policy, including delays assessing and paying the claim.

## **What happened**

Mr S was unfortunately diagnosed with a critical illness and made a claim under the policy in mid-May 2023.

Royal London admitted the claim in mid-August 2023. That was after requesting and considering Mr S' medical reports. However, the claim wasn't paid until around a month after it was admitted.

Unhappy Mr S complained to Royal London. It accepted that there had been delays and, at times, it could've provided Mr S with better customer service. It offered him £150 compensation and said it would pay 8% interest from 18 August 2023 to the date payment of the claim was issued, in mid-September 2023.

Mr S brought a complaint to the Financial Ombudsman Service and before our investigator issued her opinion on the complaint, Royal London offered Mr S additional compensation in the sum of £150, making the total sum £300.

Our investigator thought this – and the amount of interest already paid - was fair and reasonable to put things right.

Mr S asked for an Ombudsman's decision. So, his complaint has been passed to me to consider everything afresh 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.

Royal London has an obligation to handle claims fairly and promptly.

Royal London accepts it caused unreasonable delays when handling the claim made on the policy.

From the date on which Mr S provided it details of his medical professionals, it says it took 16 working days to issue the medical reports to them to complete. And 23 working days to issue settlement of the claim after it had been admitted.

In total Royal London accepts that there was an unreasonable delay of 19 working days. From its calculation it seems that's calculated on the basis that it would be reasonable for Royal London to have a turnaround period of ten working days to progress a claim upon

receipt of information. And on that basis, if those delays hadn't occurred it says the claim would've been settled on 18 August 2023 rather than mid-September 2023.

When considering whether Royal London unfairly caused delays, I don't think there is a set number of days where I'd expect it to progress a claim in light of information it had been awaiting or chasing for information it hadn't yet received. Much depends on what's fair and reasonable in the circumstances of each case.

However, overall, in the circumstances of this case, I don't think Royal London has unfairly used 18 August 2023 as the date on which settlement should've been issued. That's around three months after Mr S made his claim (equivalent to around 64 working days during the period in question).

Within that time, it had sent Mr S a letter asking him to provide details of his medical professionals and his consent to request information, attended a telephone conference with Mr S, sent medical reports to medical professionals to be completed and once received, considered them to see whether there was anything which impacted his claim.

I also note that it took over three weeks to receive the completed medical reports from the date Royal London requested these. I don't think I can reasonably hold it responsible for the delays caused by third parties. And although, I haven't been provided with Royal London's internal contact notes to see whether it had proactively chased the completed medical reports, in my experience, it's not unusual for it to take a few weeks for the medical professional to provide them in cases such as these. Particularly as they usually require the medical professionals to go through the medical history.

### **Interest payment**

Royal London has calculated simple interest at a rate of 8% per year on the settlement sum (and other amounts including refunded premiums Mr S continued to pay after his claim) for the period 18 August to 14 September 2023, totalling 27 days. That's to reflect Mr S should've been issued with the claim settlement sooner. This is in line with what I would've reasonably expected Royal London to have done and I don't think it's acted unreasonably by calculating interest in that way.

Interest for this period totalled around £1,360 and from that Royal London deducted an amount including a sum to represent income tax at a basic rate of 20% which I don't think was unreasonable in the circumstances.

However, if it hasn't already done so, and if he asks for one, Royal London should give Mr S a certificate showing how much income tax it's deducted in respect of the interest payment made to him. That way Mr S can reclaim the tax from HM Revenue & Customs, if appropriate.

### **Distress and inconvenience**

Royal London has also now offered £300 compensation to Mr S in total. Mr S says that not receiving the settlement sum sooner meant that he had the unnecessary worry of thinking he might have to draw out his pension to pay for one of his mortgages but ultimately, he was able to use savings. Royal London also accepts that there were times when it didn't respond to correspondence received from Mr S and he had to chase responses.

I'm satisfied that Mr S was put to unnecessary inconvenience and upset an already difficult time, when he was vulnerable, having recently been diagnosed with a critical illness and awaiting treatment. However, I'm satisfied a total of £300 compensation fairly reflects that.

### **Putting things right**

I direct Royal London to pay Mr S a total of £300 compensation for distress and inconvenience. It can deduct from this sum, the amount of £150 it offered in the final response letter if this has already been paid.

Further, if it hasn't already done so, and if he asks for one, Royal London should give Mr S a certificate showing how much income tax it's deducted in respect of the interest payment made to him. That way Mr S can reclaim the tax from HM Revenue & Customs, if appropriate.

### **My final decision**

I partially uphold this complaint. I direct The Royal London Mutual Insurance Society Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 February 2024.

David Curtis-Johnson  
**Ombudsman**