

The complaint

Mr M has complained that Monument Life Insurance Dac has cancelled his mortgage payment protection insurance policy.

What happened

Monument wrote to Mr M on 23 March 2023 informing him that the policy would be cancelled on 30 June 2023.

Mr M was unhappy with this and complained about it in a letter dated 19 May 2023. However, matters took a turn for the worse as he was then advised by his employer that his position was at risk of redundancy. He says he rang the claims handler around mid-May 2023 to inform it of this. He received his employer's written notification of being at risk on 13 June 2023. Following a consultation and appeal period, this was confirmed on 3 August 2023. Mr M received pay in lieu of notice until 7 November 2023.

Monument declined to consider Mr M's claim for unemployment as the date of his unemployment came after the end date of the policy. However, as a gesture of goodwill, it offered him one month's benefit amount of £1,778.

Our investigator didn't uphold the complaint because Monument had made a business decision to withdraw this policy and had provided Mr M with sufficient notice of the cancellation, in line with the policy terms and conditions.

Mr M disagrees with the adjudicator's opinion and so the complaint has been passed to me for 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.

Monument is entitled to take a view on whether it wishes to continue to offer certain products and this service would not normally involve itself in the commercial decisions of a business in deciding to offer or withdraw particular products. I'm only looking at whether Monument has acted fairly and reasonably in the way that it has undertaken the cancellation.

Under the terms of the policy, it states that Monument must give 90 days' advance notice of the termination of the policy. Based on the available evidence, I'm satisfied that it did this.

Mr M says that the policy should provide cover from the date he received notice that his job was at risk.

Looking at the policy document, the table of benefits on page 5, in relation to the claim conditions for Involuntary Unemployment states:

'You being unemployed for at least 60 days, beginning no sooner than 60 days from the start date.'

The definition of unemployed is:

'You are not working for one of the following reasons:

- Your employer has made you redundant.....'

Based on the above, I'm satisfied that the policy would pay out from 60 days after the date someone becomes unemployed and stops receiving an income. I'm unable to conclude that Mr M met the definition of 'unemployed' at the point that he was told he might be made redundant.

The timing is unfortunate, to say the least. Had Mr M actually become unemployed prior to the policy ending on 30 June 2023, then he would have been able to make a claim.

He had a brief window of time, after being told that the policy was being cancelled, in which he could have applied for an alternative policy. But not being aware that redundancy might be on the cards, it's not surprising that he didn't act immediately. I also take Mr M's point that any new policy might have contained exclusions about how soon a claim could be made following the start date.

From the point he was put on notice that he might be made redundant, there was no realistic prospect of him finding an alternative policy that would pay out for this period of unemployment. Of course, this is extremely problematic for Mr M and I understand that he is very concerned about maintaining his remaining mortgage payments.

I have a great deal of sympathy for Mr M's situation. However, Monument has cancelled the policies of all its remaining policyholders, so it hasn't singled him out. And I can't hold Monument responsible for the actions of Mr M's employer or the timing of his redundancy. Therefore, whilst I know it will be disappointing for him, I am unable to conclude that Monument has treated him unfairly or done anything wrong in cancelling the policy.

Monument did tell Mr M that it would explore what it could do if he was made redundant in July or August 2023. That resulted in the offer of one month's benefit. I appreciate that fell far short of Mr M's expectations. However, based on the fact that the policy had ended, Monument had no obligation to give him anything. So, overall, I think that Monument's offer is fair and reasonable.

My final decision

For the reasons set out above, I do not uphold the complaint. However, Monument Life Insurance Dac should pay the offer it made of £1,778 now, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 June 2024.

Carole Clark
Ombudsman