

## **The complaint**

Mr T complains about the way that Legal & General Assurance Society Limited (L&G) has handled an incapacity claim he made on an income protection insurance policy.

## **What happened**

The background to this complaint is well-known to both parties. So I've simply set out a summary of what I think are the key events.

Mr T has a personal income protection insurance policy. He made an incapacity claim in 2022 which was accepted and the claim has since been in payment.

There have been some previous issues with the way L&G calculated the monthly benefit it paid Mr T, including the way it claimed back an overpayment it'd made. We've already looked into separate complaints about those issues.

On 3 July 2024, L&G contacted Mr T again because it said, based on his 2022-2023 tax return, it had overpaid benefit. It considered the tax return showed Mr T that had received an income during 2022-2023 which should have been deducted from the monthly benefit it paid him. So it said that Mr T would need to repay the overpayment.

Mr T was very unhappy with L&G's position; with the content of its communication and the way it had administered his claim. So he complained. But there was a delay in L&G contacting Mr T and it wasn't until 31 July 2024 that Mr T was called by L&G's claims team to discuss the situation. During that call, L&G agreed a 12-month repayment plan with Mr T so it could recover the overpayment it had made. And it offered him £250 compensation to reflect the trouble and upset it had caused him through the delay in responding to his enquiry and for any distress its communication of 3 July 2024 had caused him.

Remaining unhappy with the way L&G had handled his claim, Mr T asked us to look into this complaint.

Our investigator thought L&G had already made a fair offer to settle Mr T's complaint. He thought L&G had engaged with Mr T to agree a 12-month repayment plan. And he thought £250 was fair compensation to reflect the distress and inconvenience its actions had caused Mr T between 3 and 31 July 2024.

Mr T disagreed and so the complaint's been passed to me 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.

Having done so, whilst I'm sorry to disappoint Mr T, I think L&G has already made a fair offer to settle his complaint and I'll explain why.

First, I must make it clear that this decision will only focus on the concerns L&G dealt with in its final response letters of 30 July and 1 August 2024. As I set out above, we've already separately considered previous complaints about L&G's handling of Mr T's claim and so I won't be commenting on them further here.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. I've taken those rules into account, amongst other relevant considerations, such as regulatory principles, the policy terms and the available evidence, when deciding whether I think L&G has treated Mr T fairly.

#### *Is L&G entitled to repayment of the overpaid benefit?*

In line with most, if not all, income protection insurance policies, the terms of Mr T's policy say that any income a policyholder receives during their period of incapacity will be deducted from their monthly benefit. In this case, when L&G received Mr T's 2023 tax return, it noted that Mr T appeared to have received an income during that the 2022-2023 tax year, which hadn't been taken into account when it was paying monthly benefit during the relevant period. If it had been aware of that income, it would have deducted that amount from the monthly benefit, in line with the contract terms.

As such, L&G concluded that it had overpaid benefit during the 2022-2023 year. And based on the information set out on the tax return, I don't think that was an unreasonable conclusion for L&G to draw. So given L&G paid more benefit to Mr T than he was entitled to under the terms of the contract, I don't find it was unreasonable for it to require Mr T to repay the overpayment.

#### *The repayment agreement*

It seems that L&G didn't pay Mr T any benefit in June 2023, and it offset this amount against the outstanding overpaid balance. I've listened to a call between Mr T and L&G which took place on 31 July 2024. And I can hear that during the call, Mr T agreed a repayment plan with L&G's claims handler, which was set over a 12-month period and which is due to end in June 2025. While the call handler initially suggested a seven month plan, I think they fairly responded to Mr T's concerns about how a shorter plan might affect his monthly benefit and therefore responded to those concerns in an appropriate way. So I find L&G made reasonable attempts to arrange a fair repayment plan with Mr T.

#### *Fair compensation*

L&G has already offered Mr T £250 compensation for the content of its communication of 3 July 2024 and the subsequent delay in it calling Mr T. I don't doubt that Mr T was worried and upset by the email he received on 3 July 2024, especially coming on top of not receiving a payment in June 2024, and when L&G was aware that Mr T was going through a difficult time. And I think L&G could have done more to try and contact Mr T some time sooner than it did – because, as I've said, it was aware that Mr T was in a worrying situation. I don't think it was reasonable for L&G to take over three weeks to call Mr T and I find this caused him unnecessary, additional trouble and upset.

Mr T has told us that this situation caused financial stress, as well as affecting his mental health. He's also told us that he had to borrow money during this period. I've considered this carefully. But overall, whilst I sympathise with Mr T's position, I agree with our investigator that total compensation of £250 is a fair, reasonable and proportionate award to reflect the impact of L&G's mistakes on him between 3 July and 1 August 2024. I think it sufficiently takes into account the upset it caused Mr T by the tone of its communication of 3 July 2024 and the time it took to call him to discuss the repayment plan. So I'm not telling L&G to offer

anything more. With that said, if L&G hasn't yet paid Mr T £250 compensation, it must now do so.

### **My final decision**

For the reasons I've given above, my final decision is that Legal and General Assurance Society Limited has already made a fair offer to settle this complaint and I direct it to pay Mr T £250 compensation if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 17 December 2024.

Lisa Barham  
**Ombudsman**