

Ombud takes insurer to task on shoddy client service

Alexander Forbes' poor handling of a disability claim has raised the ire of the Long-Term Insurance Ombudsman, Judge Ron McLaren, who, as a result, ordered the insurer to pay the client out.



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He said the delays experienced by his office in dealing with the insurer, the incomplete responses and lack of supporting documentation from them added to the frustration the complainant had experienced throughout a stressful period in her life.

In awarding the complainant compensation for poor service in claims handling, the ombudsman said: "The fact that Alexander Forbes still denies any wrongdoing and has not apologised reflects a worrying lack of customer care and a need for more insight on their part of how their conduct impacts on a claimant's experience."

Poorly handled

The complainant's filed a claim for disability benefit on medical grounds. She said that from the start, the claim had been handled poorly and her disability income benefit had been terminated.

The insurer reinstated the benefit after the complaint was lodged with the Office of the Ombudsman for Long-Term Insurance.

Judging from the documentation on file, McLaren was of the view that the decision-making by Alexander Forbes in terminating the benefit had been wrong.

“There was no medical information on file which supported its decision. In our view the complainant’s complaint about poor claims handling had merit,” he said.

Alexander Forbes disputed that there had been poor claims handling and regarded their decision as professional and fair. The matter was discussed at a compensation meeting which was not convinced that there had not been poor claims handling.

The insurer was informed that “the mere statement that all outcomes were professionally reviewed and that there was fair decision making, does not make it so”.

“We regard your conduct as falling short of the service standards one can expect from an insurer. In other words, it was manifestly unacceptable service.”

The ombudsman recommend that R7,500 should be paid to the complainant.

Alexander Forbes responded that it remained of the view that the matter had been handled appropriately from the insurer’s perspective and in terms of the standards that are expected from an insurer in the claims handling process.

Goodwill gesture rejected

The insurer went on to say that as it “appreciates and values” the ombudsman’s view, it was willing to offer an ex gratia payment to the complainant in the amount of R3,500 purely as a gesture of goodwill.

The complainant rejected the offer.

The matter was again considered at an adjudicator meeting which was of the view that compensation of R7,500 was the appropriate amount.

“In our view, the complainant suffered inconvenience and distress as a result of Alexander Forbes’ handling of the claim and complaint, in particular, the decision to terminate the benefit and the delay in deciding to reinstate the benefit.

“At a time when the complainant was already struggling because of her medical condition, the insurer added to her difficulties,” the ombudsman said.

In a final determination, Alexander Forbes was directed to pay R7,500 in compensation, which it did.