

Case 31 – Poor service in claims handling – compensation awarded

1. Complaint

- 1.1 The complainant's complaint right from the start has been the poor handling of the claim including the termination of her disability income benefit.
- 1.2 The insurer reinstated the benefit after the complaint was lodged with our office.
- 1.3 Judging from the documentation on file it was the view of the office 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.
- 1.4 Alexander Forbes disputed that there had been poor claims handling and regarded their decision as professional and fair.
- 1.5 Our office remained of the view that there had been poor claims handling and made a provisional determination as follows:

“This matter was discussed at a compensation meeting. The meeting was of the view that in light of the poor handling of the claim that the complainant suffered inconvenience and distress.

The email of 8 September 2017 was taken into account but did not persuade the meeting that there had not been poor claims handling. The mere statement by an insurer that all outcomes were professionally reviewed and that there was fair decision making, does not make it so. Please note that we have not suggested that the insurer had “acted recklessly”. 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” for the reasons set out in my email of 25 August 2017.

The meeting decided that R7 500 should be paid to the complainant.”

- 1.6 Alexander Forbes responded:

“Following your email below, we have re-looked at this matter extensively once again. Based on the facts of this case, the Insurer remains of the view that this matter was handled appropriately from the Insurer's perspective, and in terms of the standards that are expected from an insurer in the claims handling process. The Insurer has in no way prejudiced the

Complainant, and she remains in the position that she ought to be in, in line with her policy.

Even though the Insurer's view is different to that of the ombuds office, the Insurer appreciates and values the ombuds view and has taken this into consideration.

Following which, the Insurer is willing to offer and ex gratia payment to the Complainant in the amount of R3500.00 purely as a gesture of goodwill, without admitting any liability as it remains of the firm view that the Complainant is aggrieved with handling of the claim of the part of the employer and not that of the Insurer.

Notwithstanding the above, the Insurer is willing to settle this matter in good faith."

- 2 The complainant rejected the offer.

Final determination

- 3 We again considered the matter at our adjudicator meeting on 1 December 2017. The meeting appreciated the offer by Alexander Forbes but was of the view that compensation in the amount of R7 500 was the appropriate amount.
- 4 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 making a decision to reinstate the benefit.
- 5 At a time when the complainant was already struggling because of her medical condition the insurer added to her difficulties. The meeting was not convinced by Alexander Forbes' argument that the matter was handled appropriately. The delays this office experienced in the complaint handling by Alexander Forbes, the incomplete responses and lack of supporting documentation from them added to the frustration the complainant has experienced throughout this stressful period in her life.
- 6 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.

Our final determination is that Alexander Forbes has to pay R7 500 in compensation by **4 January 2018**.

Resolution

The complainant at first refused to accept the R7 500, requesting a higher amount. However, she eventually accepted the R7 500 with our assurance that the acceptance would not affect any future potential complaint on a different issue. Alexander Forbes paid the amount to her.