

COMPENSATION / POOR SERVICE / ADMINISTRATIVE ERROR

Insurer made administrative error regarding complainant's name – compensation for poor service

Background

1. The complainant took out a funeral policy on 1 March 2014 with Sanlam Developing Markets, yet when he requested policy documents four and a half years later, he noted the policyholder was an unknown Mr S and, in the complainant's view, the address noted on the policy was also incorrect.
2. The complainant, of the view that the policy was "defunked", requested the insurer to cancel the policy and to refund all the premiums he paid, together with interest.
3. The insurer admitted the error in that the complainant's surname was captured incorrectly and apologised for the oversight. The insurer advised that it had corrected the error and the correct surname now appeared on the policy.
4. As a sidenote, the address that appeared on the policy application form, completed by the complainant, was stated exactly the same on the policy document provided by the complainant. We did not find a discrepancy in this regard.
5. The insurer was however unwilling to refund premiums and interest thereon. The insurer advised that the contact details have since been rectified and that, in its view, the complainant did not suffer a financial loss. The insurer is also of the view that had a claim been received, the insurer would have realised its error and paid out the benefits.
6. Considering that the policy is for funeral cover, and the benefit usually expected to be paid out immediately, it was doubtful that in the event a claim was lodged, the claims process would have been seamless.
7. We accordingly requested the insurer's view on compensation, who responded that it considers R500.00 as fair compensation.
8. The complainant declined the insurer's offer and requested our office to make an unbiased independent ruling. Accordingly, the matter was referred to a meeting of the Compensation Committee.

Provisional Determination

9. The ad hoc Compensation Committee considered the matter and noted that the policy was for funeral cover and that benefits in these types of policies are usually paid out immediately when a claim is made. Due to the administrative errors on the policy, the meeting considered that whilst the

benefits would in all likelihood have been paid out, it is unlikely that the benefits would have been paid out immediately.

10. Accordingly, the meeting found that compensation of R2 000.00 should be awarded.
11. Neither party accepted the award of R2 000.00, with the insurer confirming its view that only R500.00 compensation was warranted.

Final Determination

12. In terms of our process, the matter was referred to an adjudicator's meeting for further discussion, under Chairmanship of the Ombudsman.
13. The meeting considered the wording of our Rule 3.2.5:

"The determination aforesaid may be to award compensation, irrespective of a determination made in terms of Rule 3.2.2 or 3.2.3, for material inconvenience or distress or for financial loss suffered by a complainant as a result of error, omission or maladministration (including manifestly unacceptable or incompetent service) on the part of the subscribing member; provided that the amount of such compensation shall not exceed the sum of R50 000."

14. The meeting considered the complainant's submissions that he, inter alia, "...spent over 4,5 hours on a cell phone, speaking to numerous people in both Jhb and CPT, over a period of two weeks..." The complainant had also lost confidence in the insurer because of its mistake and wished to cancel the policy.
15. It was clear to the meeting that the complainant suffered material distress when he noticed the incorrect details reflecting on the policy and that he was sufficiently inconvenienced in contacting the insurer on several occasions in a two-week period.
16. Whilst the meeting noted both parties' further submissions, particularly the complainant's request for the premiums he paid to be refunded to him, the meeting was of the view that compensation of R2 000.00 was fair.
17. The meeting was of the view that the correct conclusion was reached in the provisional determination and confirmed same.
18. The final determination was that the insurer should pay R2 000.00 compensation within 30 days.

Outcome

19. The insurer advised that it paid a surrender value of R2 172.06 as well as compensation of R2 000.00 to the complainant.

YBT
July 2019