



Can I claim interest on a delayed TPD claim?

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When you are unable to work due to illness or an injury, a [Total and Permanent Disability \(TPD\) claim](#) with your super fund or a private contract of insurance can provide you with financial support when you need it the most. However, navigating the claims process can be quite overwhelming, particularly when your claim is being delayed.

If your TPD claim is unreasonably taking longer than 6 months, you can request that the super fund/insurer pays penalty interest from this date until they finalise your claim.

The *Superannuation Industry (Supervision) Act 1993* (SIS Act) states that super funds are required to act in the best financial interests of their members.

Section 57 of the *Insurance Contracts Act* (for insurance inside or outside super) provides that an insurance company is required to pay interest if unreasonable delays occur.

This blog explores:

- what the typical timeframe is for a TPD claim;
- why delays may occur;
- how long is too long for the fund/insurer to make a determination;
- how interest is calculated;
- determining if a delay is "reasonable" or not; and
- what options you have if your claim is taking too long.

How long does it typically take to receive a TPD payout?

TPD claims can be quite complex, and delays are, unfortunately, common. Some of the most frequent reasons include:

- lengthy medical investigations and requests for medical reports;
- disputes about whether you meet the policy definition for TPD;
- delays in obtaining employment or vocational evidence;
- insurers requesting repeated information;
- internal reviews or reassessments by the insurer.

While some delay may be reasonable, excessive or unexplained delays can cause significant financial hardship for claimants who are unable to work. Typically, TPD claim assessments take between 3 to 12 months, but this is highly dependent on the insurer, the complexity of your case, and how quickly they receive all necessary documentation.

For more information, please see our blog, ["How long does a TPD claim take and what can complicate the process?"](#)

How long is too long to wait for your TPD claim to be assessed and paid?

If the fund is taking longer than is reasonable, which is generally six months from the date the super fund receives all relevant information, you can write to the fund and put them on notice that you are claiming penalty interest in accordance with section 57 of the *Insurance Contracts Act*, which states:

Section 57 of the SIS Act – interest on claims

1. If an insurance company owes you money under an insurance policy, it may also have to pay you interest on that money.
2. Interest can become payable if the insurer unreasonably delays paying your claim. The interest is calculated from the day it became unreasonable for the insurer to keep holding onto the money, up until:
 1. the day they actually pay you; or
 2. send the payment to you.

How is interest calculated?

There are two factors relevant to the calculation of interest payable on a delayed TPD claim:

- The period in which interest is incurred - The claim for penalty interest should be from the date the insurer should have reasonably determined the claim to the date the formal determination is made. Claiming penalty interest is often helpful to incentivise funds to make a determination as reasonably as possible.

- The rate of interest - The penalty interest rate imposed on insurers for withholding payment is 3% plus the 10-year treasury bond yield at the end of the relevant half-financial year. AFCA have provided a [guide for the application of interest which can be accessed here](#).

Determining if a delay is “reasonable”

The primary issue is what is considered ‘unreasonably withheld’ or what is the ‘reasonable period’ allowed for the insurer to pay the claim. A ‘reasonable period’ is not defined in the *Insurance Contract Act* or in most TPD policies. Therefore, it depends on the facts and circumstances of each case.

Some examples of potentially unreasonable conduct include:

- repeated requests for the same information;
- failing to respond within reasonable timeframes;
- ignoring medical evidence without explanation;
- delaying a decision after all evidence has been provided.

Therefore, interest may be payable where:

- the insurer’s conduct has unreasonably delayed payment after liability was clear;
- the claimant has suffered financial prejudice because of delay;
- a complaint to AFCA results in a determination that interest should be paid.

Case review – AFCA orders interest to be paid on a delayed TPD benefit

In an Australian Financial Complaints Authority (AFCA) decision in June 2025 involving NM Superannuation Proprietary Limited and Resolution Life Australasia Limited, AFCA found in favour of the complainant and ordered interest on an unreasonably delayed TPD benefit.

In this particular case, the insurer had pursued employment records from several past employers and psychologist records, even though clear evidence supported the date of disablement. AFCA found these actions caused an eight-month delay and were unfair and unreasonable.

Why engaging a TPD lawyer is essential for a successful claim for penalty interest

TPD claims can take time, but excessive delay is not something you must simply accept. Understanding your rights early can help you push back against unnecessary delay and improve your chances of a timely outcome.

If you've been paid a benefit on your insurance and you think the insurer has unreasonably delayed making payment, and you are unsure where you stand, Guardian Injury Law can provide advice about your options and help you take appropriate steps to pursue a claim for interest. We offer initial free advice and run matters on a 'no win, no fee' basis, so it costs you nothing to find out where you stand.

Contacting Guardian Injury Law

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