DRN-4563567

The complaint

Mr D complains about the way that BUPA Insurance Limited has administered his personal private medical 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 main events.

Mr D holds a personal private medical insurance policy which renews in September of each year.

In July 2022, BUPA sent Mr D renewal documentation ahead of the 2022 renewal. Mr D's policy included complementary therapies cover. Mr D decided he didn't want the complementary therapies cover. So he sent BUPA a cheque for the cost of the policy, less the amount he'd calculated was due for the additional cover, along with a covering note which asked BUPA to delete the complementary therapies cover.

BUPA credited the cheque to Mr D's policy account. But it didn't remove the additional cover. It noted there'd been a shortfall in the premium Mr D had paid and so it wrote to Mr D in September 2022 to explain it was having trouble collecting his payment. It wrote to Mr D in early October 2022 to set out the shortfall balance due and again around a week later to say that if it didn't hear from Mr D, it wouldn't be able to cover him after 31 August 2022. And on 3 November 2022, it wrote to Mr D to tell him that it had suspended his policy and wouldn't be able to cover any treatment or costs until his premium had been paid.

Mr D had replied to BUPA, in writing, in September, November and December 2022. He was unhappy with the way BUPA had administered his policy. He felt he'd effectively been uninsured and that his policy should be reinstated. He considered too that BUPA should compensate him for his time and inconvenience. He explained that he intended to take legal action against it.

In January 2023, BUPA wrote to Mr D. It said that it couldn't action the removal of a benefit unless it received a clear instruction from a policyholder. It said that it would have needed to issue a new quote following the removal of the complementary therapies cover. It confirmed that it had written-off the shortfall balance. And it told Mr D that he'd remained covered throughout the period and that it would have pre-authorised any treatment he'd undergone during the relevant time. It also sent Mr D a cheque for £100 as a gesture of goodwill.

Mr D remained unhappy with BUPA's administration of his policy. In summary, he didn't feel the goodwill gesture was enough to reflect the impact of BUPA's actions on him. He said he'd believed the policy had been cancelled and that this had led him to delay arranging medical treatment. He maintained that he'd been uninsured between September 2022 and January 2023.

Our investigator felt Mr D had given BUPA a reasonably clear instruction to remove the complementary therapies cover. So he thought about the potential impact its failure to do so

had had on Mr D. He noted though that BUPA had sent Mr D a letter in early October 2022 which stated what the shortfall amount was. Based on Mr D's testimony, he didn't think Mr D had shown that he'd been prevented from accessing treatment earlier due to any error on BUPA's part. And he considered that Mr D's policy had remained in place and that therefore, Mr D wasn't entitled to any refund of premiums.

Mr D disagreed and I've summarised his response. He felt that BUPA's letters had been misleading and had led him to believe that it considered his whole premium had gone unpaid and that he was therefore uninsured. He took BUPA's claim that it would've retrospectively covered any claims with a pinch of salt. And he strongly disagreed that he hadn't been significantly impacted by any failings on the part of BUPA. He maintained that his treatment had had to be delayed. And he added that the matter had caused him significant stress.

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, while I'm sorry to disappoint Mr D, I think BUPA has already settled this complaint fairly and I'll explain why.

First, I'd like to reassure Mr D that while I've summarised the background to his complaint and his detailed submissions to us, I've carefully considered all he's said and sent us. Within this decision though, I haven't commented on each point he's raised and nor do our rules require me to. Instead, I've focused on what I think are the key issues.

The relevant regulator's principles say that financial businesses must pay due regard to the information needs of their clients and communicate information to them in a way which is clear, fair and not misleading. I've taken those principles into account, amongst other things, when considering whether I think BUPA treated Mr D fairly.

At the outset, I must make it clear that I agree with our investigator that the note Mr D sent BUPA together with his premium made it clear that he didn't want complementary therapies cover included in the 2022-23 policy. I also think the note clearly set out how Mr D had calculated the premium due once the additional cover was deducted. I appreciate BUPA says it could only act on a clear instruction to amend Mr D's cover. And I think it might have been helpful if Mr D had contacted BUPA to make the amendment request ahead of sending the cheque.

But in my view, Mr D's note was sufficiently clear that it ought reasonably to have prompted BUPA either to contact Mr D to ask for further clarification or generate a new renewal quote which didn't include the add-on benefit. If BUPA had acted on Mr D's note, it's seem highly unlikely that any further issues would have arisen. So I think BUPA did make a mistake here and I'll later go on to explain what I consider fair redress to be to reflect the impact of its error.

It's clear Mr D feels strongly that BUPA's letters indicated his premium hadn't been paid and that he didn't have cover in place. BUPA's letter of 14 September 2022 indicated that BUPA hadn't been able to collect Mr D's premium. On 14 October 2022, BUPA wrote to Mr D to remind him to pay his premium and stated that if it didn't hear from him, it wouldn't be able to cover him after 31 August 2022. And on 3 November 2022, it wrote to tell Mr D that his policy had been suspended and that it wouldn't be able to cover any treatment until his policy had been paid.

I've thought very carefully about what Mr D's said. I can understand why he was concerned that BUPA didn't appear to have noted the payment of any of his premium. I'm mindful too that Mr D wrote to BUPA more than once in response to its letters to confirm that he had posted a cheque for the premium, which had cleared.

On the other hand, BUPA has provided us with a copy of a letter it sent to Mr D's address on 7 October 2022. This stated:

'We've looked into this query for you and we can confirm we did receive your cheque for the amount of £2815.43. However, the policy subscription for this policy year is the amount of £2902.42 meaning there is a balance of £87.00 left to pay.

Your policy is currently showing at a suspended status due to this. Once we've received the outstanding balance, we can activate your policy.'

I appreciate that Mr D says he didn't receive this letter. But BUPA has provided us with its internal records which show that the letter was sent on 7 October 2022. And it was addressed to Mr D's correct address. On balance, I think the letter was sent, even though I accept Mr D's testimony that he didn't receive it. But I can't hold BUPA responsible for any issues with the postal service – and I'm mindful that Mr D told BUPA he'd prefer to be contacted by letter. I think this letter is evidence that BUPA took reasonable steps to clearly explain what the outstanding balance was and the status of Mr D's policy.

Nor do I think BUPA indicated that Mr D's policy had been *cancelled*. I think it clearly explained that the policy had been suspended and could be reactivated. I understand Mr D doesn't accept that BUPA would have retrospectively covered any claims during the policy suspension period, but I've seen no persuasive evidence that it wouldn't have done so.

Mr D wrote to BUPA on 3 November 2022 and stated that he wanted to formally complain about the matter. I understand he's unhappy that a complaint wasn't set-up at this point. Instead, he feels that BUPA only dealt with the matter once he'd written again, threatening legal action. However, BUPA maintains that it didn't receive the November 2022 letter. I can't see anything on its systems which indicates that a letter was received around this time, or that a deliberate choice was made not to respond. And I'm satisfied that once BUPA received Mr D's December 2022 letter, it reviewed the matter promptly. I've seen nothing to suggest that BUPA only took any action at this point because of Mr D's suggestion that he'd pursue legal action.

Overall, I have concluded that BUPA ought to have done more when it received Mr D's note with the premium cheque. So I've carefully considered what I think fair redress should be. I must make it clear that we're not the industry regulator and we can't punish or fine the financial businesses we cover. Instead, we'll consider the individual circumstances of each complaint to decide whether a business has caused a consumer to lose out, or to suffer material distress and inconvenience.

In this case, BUPA waived the premium for the complementary therapies cover which Mr D then received for free during the 2022-23 policy year. And it sent him a cheque for £100 as a gesture of goodwill.

Mr D doesn't feel BUPA has offered fair redress. He says that due to BUPA's error, he was unable to arrange necessary medical treatment in October 2022. He says that due to the nature of his employment, he is limited to undergoing treatment in relatively short windows of time. I've considered this carefully and I appreciate that Mr D says he needs the second phase of treatment for an upsetting medical condition. But I haven't seen any medical evidence that Mr D had looked into arranging treatment at that time (such as referral letter or

appointment request) or any evidence of a hospital booking which had had to be cancelled. And I need to bear in mind that even after the situation was resolved in January 2023 (and now, over a year later), Mr D still didn't arrange treatment. So I don't think I could fairly conclude that the delay in Mr D seeking treatment was most likely due to any failing by BUPA. On balance, it appears more to be down to Mr D's employment schedule and his circumstances.

And I think £100 is fair redress to recognise the likely material impact I think this matter had on Mr D. He was put to some unnecessary time and trouble in writing to BUPA on a few occasions over a three-month period to try and resolve the situation. But in my view, a modest amount of £100 is a fair, reasonable and proportionate award to reflect the likely impact I think this had on Mr D. So I'm not telling BUPA to do or pay anything more. If BUPA's original cheque has now expired, it's open to Mr D to ask BUPA to cancel and reissue it.

My final decision

For the reasons I've given above, my final decision is that BUPA has already settled this complaint fairly.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 27 February 2024.

Lisa Barham
Ombudsman