

The complaint

Ms I complains CIGNA Life Insurance Company of Europe SA-NV (CIGNA) unfairly cancelled her policy, refused to pay claims and provided poor customer service.

What happened

Ms I held a private medical insurance policy underwritten by CIGNA, which renewed annually.

In March 2021, Ms I's policy was renewed for the year and her premiums were due to be paid quarterly. Ms I had also overpaid in her previous policy year.

CIGNA contacted Ms I on 1 April 2021 stating that the full premium due on 3 March 2021 had not been received. Taking into account the overpayment Ms I had previously made, she owed around €40. And Ms I made a payment for the outstanding amount on 6 April 2021.

CIGNA said it wrote to Ms I again on 9 June chasing the payment of her 3 June 2021 premium. Ms I made a further payment to CIGNA on 30 June 2021, but CIGNA said this amount didn't cover the total premium – it was about half of the amount which had become due on 3 June 2021. It wrote to Ms I again on 19 July 2021 and said the policy would be cancelled if the payment was not received within 7 days.

CIGNA didn't receive any further payments from Ms I and later cancelled the policy on 28 July 2021. It backdated the cancellation to 3 June 2021, as it said that was the last time the policy premiums were paid up in full.

The policy terms and conditions say CIGNA can terminate cover if the policy premiums are not paid as follows.

"Subject to any conflicting legal or regulatory requirements we may terminate this policy if:

14.1.1 any premium or other charge (including any relevant tax) is not paid in full within thirty (30) days of the date on which it is due. We will give you written notice if we are going to terminate the policy for this reason;"

Ms I complained. CIGNA said it had correctly cancelled the policy due to the non-payment of premiums. However it said it should have returned the payment of €361.32 Ms I made on 30 June 2021 and had failed to do so. It said it would refund her that amount plus €110 in compensation for the delay. And it apologised for the error.

Unhappy with CIGNA's response, Ms I brought her complaint to this service. An investigator here looked into what had happened. They thought CIGNA hadn't acted unfairly in cancelling Ms I's policy due to the missed premium payment. And agreed CIGNA should refund the last payment Ms I made, and pay the €110 compensation it had offered for the delay. However, they said CIGNA had caused distress and inconvenience by sending correspondence to Ms

I in English, rather than the language she had previously requested. And she recommended CIGNA pay an additional £350 in compensation for this.

CIGNA accepted the investigator's view. However Ms I disagreed. In summary she said she thought a lot of what she had submitted had been ignored, and said CIGNA had still not paid her claims. She was unhappy the investigator had suggested an amount of compensation in GBP and not Euro. And said she felt she should be awarded a much higher amount.

As Ms I disagreed with the investigator's view, the case has 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.

Firstly, Ms I has made detailed submissions to us, and I appreciate she would probably like me to deal with every point she's raised. But, we're an informal alternative to the courts and this means I've focused on the issues that I think are material in determining a fair and reasonable outcome to this complaint. No discourtesy is intended by this; it simply reflects the informal nature of the ombudsman service and my role in it.

Cancellation of the policy

CIGNA has provided this service with evidence of the payments Ms I made towards her policy premiums during 2020 and 2021. And the terms and conditions of Ms I's policy say the cover can be terminated if a premium is not paid within 30 days of the date it becomes due.

I'm satisfied by the evidence I've seen that Ms I did not make the total of her quarterly premium payment of around €700 on time, in March or June 2021, and that on both occasions the full amounts due were outstanding for more than 30 days.

Although Ms I had overpaid in the previous policy year, this wasn't enough to cover the total amount due by 3 March 2021. CIGNA wrote to Ms I on 1 April 2021, letting her know that her premium payment was outstanding, and warning her of the risk of cancellation. And shortly after, she made a payment on 6 April, for around €40 which covered the balance of the outstanding March premium exactly.

Ms I's next premium payment of around €700 was due on 3 June 2021, and this wasn't paid in time. Ms I made a payment of €361.32 at the end of June 2021, however this didn't cover the full amount due. And no further payment was made.

As such, I think it's reasonable that CIGNA went on to cancel Ms I's policy at the end of July 2021. And that it backdated the cancellation to 3 June 2021, as this was the last point at which the premiums were paid up in full.

Delay in returning the June 2021 payment

The payment Ms I made to CIGNA at the end of June 2021 was insufficient to cover the full premium due. And CIGNA later cancelled the policy as I've explained above, backdating this to 3 June 2021. So CIGNA needed to return the additional payment Ms I made, which was €361.32. However, it failed to do so.

CIGNA has apologised for this error, and offered €110 in compensation for the delay in returning the funds, which I think is fair in the circumstances, and is potentially more than I would have awarded.

Communications sent in English

I've considered that CIGNA sent letters chasing payment to Ms I in English. Ms I had previously told CIGNA that she didn't speak English and needed correspondence to be sent in another language. Having considered Ms I's submissions, I can appreciate how frustrating it was for her to receive communications in the wrong language. And I accept that this would have caused Ms I confusion, distress and inconvenience.

CIGNA has said that it was aware of Ms I's language preference, but there are some communications which are automatically generated in English. I can understand this may be CIGNA's process when using an automated system and that its default language for correspondence is English. I don't think this is unreasonable in itself, however I think the English correspondence should have been followed up as soon as possible with a translated version in Ms I's preferred language.

Ms I received several letters about non-payment of her premiums in English, with no follow up in her preferred language. And she's told us she doesn't speak English. The investigator recommended Ms I be compensated an additional £350 for the distress and inconvenience caused. CIGNA has agreed to pay this amount. And I'm satisfied the level of compensation is appropriate in these circumstances.

However, I don't think the language issue means Ms I's policy should be reinstated, or that any claims relating to treatment since the cancellation date should be paid. I say this because I note CIGNA had previously provided Ms I with its terms and conditions in her preferred language. And her policy schedule following the renewal had detailed the dates and amounts of her premiums for the policy year. So I'm satisfied she was provided with the information she needed about making her premium payments and the consequences of not doing so, in a format she could understand.

In addition to this, the evidence I've seen shows Ms I paid the remaining correct amount outstanding from her March 2021 premium shortly after CIGNA wrote to her in early April 2021. So I'm satisfied that despite CIGNA's error in writing to her in English, Ms I had sufficient understanding that her premium payment was due, and of the amount which needed to be paid. And this leads me to think she would also have had sufficient awareness of the premium payment due on 3 June 2021.

My final decision

For the reasons I've given, it's my final decision that I uphold this complaint. And I direct CIGNA Life Insurance Company of Europe SA-NV to pay the following if it has not already done so:

- €361.32 in respect of the premium payment Ms I made in June 2021;
- €110 in compensation for the delay in returning the above payment; and
- £350 for the distress and inconvenience caused by failing to send communications in the agreed language.

All of the amounts due should be paid to Ms I in Euro, so the award for £350 should be converted using the rate on the day the payments is made.

If Ms I accepts my final decision, CIGNA must pay the amounts within 28 days of receiving Ms I's confirmation of her bank account details.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms I to accept or reject my decision before 27 February 2023.

Gemma Warner
Ombudsman