DRN-3749878

The complaint

Mr F complains about the way CIGNA Life Insurance Company of Europe SA-NV administered his personal private medical insurance policy.

What happened

The background to this complaint is well-known to both parties, so I'm not setting it out in detail here. Instead, I've simply set out a brief timeline of the key events.

In July 2021, Mr F took out a personal CIGNA Global private medical insurance policy, following a move abroad. The total price of the policy was €2403.79. Mr F agreed to pay an initial payment of €222.59 from a temporary card and then planned to pay the balance by bank transfer at a later date.

However, in August and September 2021, CIGNA incorrectly debited the premium balance from Mr F's temporary card, despite him instructing it not to. So Mr F got in touch with CIGNA.

Over the next couple of months, Mr F had ongoing communications with members of CIGNA's staff. CIGNA indicates that during this time, two separate cases were being worked on in relation to Mr F's policy. One team seems to have been looking into refunding the payments which shouldn't have been debited from Mr F's card, with Mr F settling the balance. The other team appears to have been looking into cancelling the policy.

Unhappy with CIGNA's handling of his policy, on 12 November 2021, Mr F told CIGNA that he wished to cancel the policy and receive a full premium refund. CIGNA told Mr F that a full refund wasn't possible and that he'd receive a pro-rata refund of premium. No resolution was reached on this point.

CIGNA cancelled Mr F's policy in December 2021. But it didn't send him a cancellation letter or tell him that the policy had been cancelled.

In January 2022, Mr F contacted CIGNA to make a claim on the policy. At this point, he learned his policy had been cancelled and that therefore, he had no policy cover in place. He travelled to another country in order to get diagnostic tests done.

Mr F asked us to look into his complaint. While the complaint was with our service, CIGNA and Mr F continued to correspond in order to try and resolve it. CIGNA made offers of redress to Mr F. Ultimately, it made the following final offer to put things right:

- It would reinstate Mr F's 2021/22 policy, but it would refund the full premium for that policy year;
- It would cover the diagnostic testing costs Mr F had incurred; and
- It would pay Mr F £1000 compensation.

Broadly, Mr F accepted the terms of CIGNA's offer. However, he also thought that CIGNA should offer him free cover for the 2022/23 policy year, to allow him to seek treatment for his

health issues. He felt that any other insurer would exclude these conditions from any new policy it could offer. CIGNA didn't agree to offer Mr F free cover for the 2022/23 policy year and maintained the offer I've outlined above.

Our investigator thought CIGNA had made a fair offer of settlement. He thought that by refunding the policy premiums, yet still covering treatment costs, CIGNA had done more than he would usually recommend it should do. He thought the offer of compensation reflected the upset Mr F had been caused by being unable to seek treatment for his health issues from January 2021 onwards. And he didn't think it would be fair to ask CIGNA to provide Mr F with a free cover for the 2022/23 policy year.

Mr F disagreed. In summary, he said that he hadn't instructed policy cancellation and the matter hadn't been resolved. He didn't think the investigator's assessment took account of the fact that the complaint had taken six months to resolve and that he'd suffered health issues during that time, which CIGNA knew about. He didn't think that CIGNA's offer took account of the impact his health issues had had on him (such as reduced functionality in his wrist), or his lost earnings. And he felt that given these health issues, he was limited to using CIGNA as an insurer if he wanted to get them treated. That's because they'd be excluded by any other insurer.

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, whilst I'm sorry to disappoint Mr F, I think CIGNA has made a fair offer to settle his complaint and I'll explain why.

First, I'd like to reassure Mr F that whilst I've summarised the background to this complaint and his detailed submissions to us, I've carefully considered all he's said and sent us. Within this decision though, I've focused on what I think are the key issues.

The regulator's Principles for Business say that financial businesses must pay due regard to the interests of their customers and must treat them fairly. In this case, CIGNA accepts that it made errors in its administration of Mr F's policy. In particular, debiting money from a card it wasn't authorised to; running two separate cases to deal with Mr F's concerns about the premium debit and in failing to let Mr F know that it had cancelled his policy in December 2021, following his email of 12 November 2021. Having looked closely at the email, I can see why CIGNA's staff member thought this represented a request to cancel the policy. But had the cancellation procedures been followed properly, Mr F would've received a cancellation notice and would've been able to get in touch with CIGNA to potentially reinstate the policy or resolve things, if he wished to do so. Instead, Mr F didn't learn that his policy had been cancelled until January 2022 – at which point he expected to be able to claim for health issues he was experiencing.

Where a financial business has made errors, we'll consider whether those mistakes have caused a consumer to lose out and whether they caused the consumer to suffer material distress and inconvenience. If so, we'll tell a financial business what it needs to do to put things right.

It seems that Mr F accepted much of CIGNA's offer and that the main remaining issue was whether it should offer Mr F free cover for the 2022/23 policy year. So I'll explore this further.

CIGNA has offered to reinstate Mr F's policy for the 2021/22 policy year. And it was covering the risk of Mr F making a claim between July 2021 and the point the policy was originally cancelled. Strictly then, CIGNA was entitled to require Mr F to pay for at least part his insurance policy term. However, it's agreed not just to reinstate the policy, but to also refund Mr F's full premium for that policy year. It's also agreed to cover Mr F's diagnostic testing costs of an MRI and an x-ray, despite the fact that effectively, no premiums will have been paid for the 2021/22 policy year. Generally, I'd take the view that an insurer is entitled to be satisfied that a premium has been paid before it agrees to cover a claim. So I find that CIGNA's offer here is fair and reasonable and is also likely more than I'd have directed it to do.

And CIGNA has offered Mr F £1000 compensation to reflect the distress and inconvenience this matter has caused him. I don't doubt how frustrating it was when CIGNA wrongly debited Mr F's card and following the ongoing correspondence he had with it. I can also understand how upsetting it must've been when Mr F needed to claim on the policy and learned that he no longer had any cover. He's told us too that due to the prolonging of this complaint, he's suffered pain and loss of functionality in his hand. So I think it's fair and appropriate for CIGNA to pay Mr F compensation to reflect this.

I think that £1000 is a fair compensation award. It's a substantial compensatory award and I'm persuaded it takes into account the trouble and upset CIGNA's handling of Mr F's policy caused him. Mr F has suggested that CIGNA's actions caused him to suffer a loss of earnings and may have potentially impacted upon his health issues. But Mr F hasn't provided any corroborative, independent, medical evidence which demonstrates that any deterioration in his health was caused by CIGNA. So I don't think I could fairly make an award for such losses. I find that the £1000 CIGNA has offered, taken together globally with its offer to refund Mr F's premium, reinstate his policy and cover his MRI and x-ray costs, is fair in all the circumstances.

It's clear Mr F feels strongly that CIGNA should offer a free policy for the 2022/23 policy year and I've carefully considered this. But I don't think I can fairly direct CIGNA to provide free cover. As the investigator explained (and I've set out above), CIGNA is reasonably entitled to payment of a premium in return for it providing insurance cover. It's effectively waived this in regard to the 2021/22 policy year, but I don't think it would be reasonable to require it to do so for a further year. Even if Mr F did look elsewhere for cover, he would still be charged an annual premium before another insurer would pay claims. And had Mr F undergone all of the treatment he might've needed during the 2021/22 policy year at CIGNA's cost, it's likely that any claims relating to potential follow-up treatment or those health issues going forward would be excluded by a new insurer in any event.

Overall, despite my natural sympathy with Mr F's position, I'm satisfied that CIGNA has made a fair offer to settle his complaint. If Mr F does accept this decision (and CIGNA's offer), he'll need to provide CIGNA with evidence of the MRI and x-ray costs he incurred in order for it to arrange payment.

My final decision

For the reasons I've given above, my final decision is that CIGNA has made a fair offer to settle Mr F's complaint.

If it hasn't already done so, I direct CIGNA Life insurance Company of Europe SA-NV to:

- Reinstate Mr F's 2021/22 policy
- Refund the premiums he paid for the 2021/22 policy year

- Cover the costs of Mr F's MRI scan and x-ray, subject to Mr F providing it with the necessary evidence; and

- Pay Mr F £1000 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 9 November 2022.

Lisa Barham
Ombudsman