

The complaint

Mr L complains that Covea Insurance plc (Covea) cancelled his insurance policy without telling him, and will not now consider a claim he needs to make.

What happened

Mr L holds an accident insurance policy with Covea, which provides cash payments in certain circumstances – mainly for injury or illness related to an accident.

In 2022 Mr L wanted to make a claim on his insurance policy. He contacted Covea and was told Covea had stopped providing the policy he had, and that it had written to him in May 2021 to tell him the policy wouldn't continue after the end of June the same year.

Mr L said he didn't receive the letter and complained to Covea about this, but Covea wouldn't re-instate the cover.

Mr L asked us to review his complaint. Our investigator thought that Covea should have made more than one effort to contact Mr L. He thought Covea should pay Mr L £150 compensation for the distress he's been caused. He also thought that, if Mr L brought the premiums up to date, Covea should re-instate the cover and consider Mr L's claim.

Covea didn't agree and pointed out that it thought Mr L should have noticed he was no longer paying the monthly premium and queried this.

I've been asked to decide this complaint.

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.

I'm going to uphold this complaint. I'll explain why.

Cancelling an insurance contract can have far reaching effects, so it's important that an insurer make reasonable efforts to both tell a customer that a policy is going to be cancelled (or discontinued as was the case here), and confirm the cancellation once it's happened.

Covea wrote to say the policy wouldn't continue and offered Mr L an alternate insurance policy – but it didn't subsequently confirm that cover had ended.

Mr L says the policy was important to him, and it seems reasonable to think he'd have bought the replacement policy offered if he'd known his current cover was going to end.

We know Mr L was having problems with postal deliveries, but I can't say the non-delivery of the letter was Covea's fault as it has no control over what happens to letters once they've left Covea. However, I do think Covea should have made contact a second time – perhaps with a follow up letter or email – either before the policy ended or soon after it stopped. If it had done that I'd have concluded that it had made reasonable efforts to let Mr L know he wasn't

going to be covered going forwards.

Covea says Mr L should have noticed he was no longer paying the monthly premium. Mr L says it was for a small amount and that the relevant direct debit instruction remained on his bank account – although Covea stopped claiming payments. I think Mr L's response is a reasonable explanation of why he may not have noticed the premium wasn't being collected. The premium was for under £10, so not likely to have had such an impact on his account overall that he'd have thought something was.

I don't think Covea did enough to let Mr L know it would no longer be insuring him.

Putting things right

Our investigator recommended Covea pay Mr L £150 for the distress and inconvenience he's suffered, and I think that's reasonable.

At the moment Mr L has no cover – but neither has he been paying any premiums since mid-2021. For me to ask Covea to consider the claim, Mr L will need to pay any premiums he'd have paid if he'd taken the new cover offered. I can see there were various levels of cover on offer, so for the purpose of working out how much Mr L needs to pay I think Covea should select the cover closest to that Mr L previously had.

If Mr L pays the outstanding premiums then I think it fair for Covea to re-instate cover so that it can consider the claim under the new terms and conditions. If Mr L decides not to bring the premiums up to date then Covea need not consider the claim.

For clarity, I'm not saying Covea must meet the claim. That will depend upon the nature of the claim and the relevant terms and conditions contained in the policy. It's not appropriate for me to comment on the claim itself as Covea hasn't assessed it at this point.

I should also say that I'm not saying Covea must continue cover once it had considered this claim: with the appropriate notice, Covea need not continue cover in the future

My final decision

My decision is that I uphold this complaint and require Covea Insurance plc to take the actions outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 8 July 2023.

Susan Peters
Ombudsman