

The complaint

Mrs E is unhappy with the service received from BUPA Insurance Limited after it ended her private medical insurance policy and subsequent issues around its reinstatement.

What happened

Mrs E had the benefit of private medical insurance with BUPA for many years. Her monthly insurance premiums had been paid by a third party (who I'll refer to as Mr X), and who didn't live at the same address as her.

Due to a deteriorating medical condition, Mrs E says Mr X stopped paying the monthly premiums. BUPA sent several letters, over a couple of months, addressed to Mrs E but to Mr X's address reflecting that it was having trouble collecting the insurance premium. And when it didn't receive a reply – or receive payment – it wrote to Mrs E at her address in November 2022 confirming that her policy had now ended. She was invited to contact BUPA if she wanted to reinstate cover without interruption so long as it was within three months of 1 September 2022, and her premiums were brought up to date.

Upon receipt of this letter, Mrs E promptly contacted BUPA looking to reinstate the policy. She explained that hers (and Mr X's) son had Power of Attorney for Mr X. And that he would be able to arrange for the backdated insurance premium to 1 September 2022 to be paid as a lump sum ('the lump sum payment') and set up a new direct debit going forwards for future monthly premiums. Ultimately the lump sum payment was paid, and the policy was reinstated at the beginning of December 2022.

Subsequently, BUPA had issues collecting the monthly premiums due for January 2023. It contacted Mrs E and Mr X's son to confirm that the account details he'd given were correct. He confirmed that they were and asked BUPA to try collecting payment again. He asked BUPA to contact him again if there were any issues.

Premiums were unable to be collected for January and then February 2023. BUPA wrote to Mrs E confirming that it was having trouble collecting the insurance premium and explained how she could contact it to make payment.

Mrs E complained to BUPA about the service she received.

In its final response letter dated May 2023, BUPA accepted that it should've provided Mrs E with a better service and apologised. It clarified that the policy had been suspended with effect of 1 January 2023 as it had not received any monthly premiums since then. The policy subsequently ended in June 2023.

Mrs E complained to the Financial Ombudsman Service. She'd like BUPA to refund the lump sum payment made to have the policy reinstated after it ended in November 2022.

Our investigator looked into what happened and partially upheld Mrs E's complaint. She recommended BUPA pay her £150 compensation for distress and inconvenience. BUPA didn't provide a response. So, this complaint has been passed to me to consider everything afresh 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.

BUPA has an obligation to treat customers fairly.

In its final response letter BUPA accepts that it failed in several aspects when providing service to Mrs E including:

- Not calling Mrs E or her son in February 2023 to confirm that premiums for January and February 2023 had failed. I'm satisfied this was after BUPA had contacted Mrs E and Mr X's son to confirm the account details for the direct debit. He'd asked BUPA to try to collect the payment again and, if unsuccessful, to call him back.
- Not calling Mrs E back on 17 February 2023 as requested. So, Mrs E had to call back to chase. I accept having to call BUPA back would've caused unnecessary inconvenience and from the calls I've listened to, by this time, I'm satisfied that Mrs E was becoming understandably upset.
- A BUPA representative saying Mrs E would be fully protected under the policy moving forward, but it wasn't made clear what she meant by this. The same representative didn't then terminate the call properly. So, Mrs E overheard BUPA's representative receiving feedback about the call, including feedback that she should've given Mrs E clearer information. I'm satisfied from listening to calls which took place shortly thereafter – including the call during which she raised her complaint in February 2023 - that Mrs E knew, having had the experience of being a policyholder for many years, that she wasn't covered for everything and there would be restrictions on her policy. However, I can also understand why she was concerned that the representative didn't terminate the call, leaving Mrs E to overhear the subsequent discussion she had with a colleague. And why this was another issue which started to erode her overall trust in BUPA and whether she was being given correct information.

From listening to the call recordings, I'm also persuaded that it wasn't made clear to Mrs E in initial phone calls that she had continuation of cover once the policy was reinstated.

From listening to the call in February 2022, when Mrs E made her complaint to BUPA, it's clear she was confused about what the policy would've in respect of matters which occurred during the period of time she was initially without cover due to the non-payment of premiums towards the end of 2022. I can understand why. I don't think this was properly explained to her as it ought to have been at the time. Although I'm satisfied that the representative Mrs E spoke to during the call in which she raised her complaint did clarify the position for her and that the policy had been reinstated on a continuation basis. I accept this is likely to have been the position given that the membership certificate issued in December 2022 reflects that the policy start date to be 1 April 2022 (when it was last renewed) and the effective date of underwriting was many years before.

Overall, I'm satisfied that Mrs E experienced unnecessary distress, confusion and inconvenience as a result of BUPA's service errors in this case. BUPA has said sorry for some of these errors in its final response letter, but I don't think an apology is sufficient to fairly reflect the impact on Mrs E.

I'm satisfied the apologies already provided together with £150 compensation more fairly reflects the distress and inconvenience experienced by Mrs E because of BUPA's service failings.

I don't think it would be fair and reasonable for BUPA to refund the lump sum payment which was paid to reinstate the policy and ensure no break in cover. I'm satisfied that Mrs E was still able to benefit from the policy from 1 September to 31 December 2022 once the lump sum payment was made. And by reinstating the policy, BUPA had accepted the risk of a claim being made during this time.

Putting things right

I direct BUPA to pay Mrs E £150 compensation for distress and inconvenience.

My final decision

I partially uphold this complaint and direct BUPA Insurance Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 28 November 2023.

David Curtis-Johnson
Ombudsman