

## **The complaint**

Mr and Mrs B complain Western Provident Association Limited (WPA) failed to cancel their private medical insurance policy, and refused to refund the premiums paid.

Mr B brings the complaint on behalf of himself and his wife, so for ease I will refer to all submissions as having been made by Mr B.

## **What happened**

Mr and Mrs B held a private medical insurance policy, underwritten by WPA. And they'd held the policy for several years.

The policy was due for renewal in August 2023. And ahead of this in June 2023, WPA sent out a renewal quote. Mr B said he called WPA to cancel the renewal. And he took out a similar private medical insurance policy with a company I will call 'S' to start in August 2023.

WPA said it didn't receive any request from Mr B asking it to cancel the renewal. The policy renewed automatically and the premium for the 2023 – 2024 policy year was taken by direct debit at the end of July 2023.

In June 2024, WPA sent Mr and Mrs B renewal documents for the 2024 – 2025 policy year. Mr B said he contacted WPA by phone on 27 June 2024 and said he'd cancelled his policy the previous year. WPA said it had no record of this, and confirmed Mr and Mrs B's policy had been in force from August 2023 – 2024.

Mr B complained to WPA and asked it to refund the policy premiums for the 2023 – 2024 policy year. WPA said it'd found no evidence of a call to cancel the renewal in 2023. It said it didn't think it had done anything wrong and would not refund any of the premiums paid.

Unhappy with the response, Mr B brought the complaint to this service.

An investigator here looked into what had happened and said they thought there was no benefit to Mr and Mrs B in holding two policies with very similar cover, as they could not successfully claim against both of them. And as the consumers had been dual insured in error, the Investigator said WPA should refund 50% of the premiums for the 2023 – 2024 policy year.

Mr B accepted the investigator's view. However WPA disagreed and asked for a final decision from an Ombudsman. In summary it said:

- there was no record in its systems of a call to cancel the policy or the member record being accessed;

- it didn't think it fair to say that claims would have been apportioned at 50% each against the two insurers, as the policy with S had moratorium underwriting terms, which meant there would likely be no cover for any pre-existing conditions within the first two years. It said this meant in the event of a claim in 2023 - 2024, WPA would more likely have been liable to pay; and
- a consumer could potentially look to keep two similar insurance policies in order to preserve more favourable underwriting terms.

As WPA disagreed and asked for a decision from an Ombudsman, 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.

Having done so, I'm upholding this complaint, and I'll explain why.

The relevant regulator's principles say that financial businesses must pay due regard to the interests of their customers and treat them fairly. I've taken the regulator's principles into account, together with other relevant considerations, such as the policy terms and the available evidence, to decide whether I think WPA treated Mr and Mrs B fairly.

#### *Was there a request to cancel the policy for 2023 - 2024?*

Mr B has said he called the insurer in June 2023 to confirm he did not want to renew the policy. However WPA has shown it found no call in its systems and said there was no record of Mr and Mrs B's policy records being accessed at the relevant time.

As I've seen no evidence that Mr B attempted to cancel the policy, aside from his recollection of making a call, I'm not persuaded that WPA made an error. So I don't think it would be fair for me to direct WPA to refund all of the premiums paid for the 2023 – 2024 policy.

#### *Did Mr and Mrs B intend to hold two policies?*

I've thought about WPA's point, that a consumer could potentially benefit from holding two policies with differing underwriting conditions.

Mr B called after receiving a renewal letter from WPA in 2024, indicating that there was a policy still in place. Having listened to this call I find his testimony persuasive and accept that he was unhappy to find out this policy was in place and that premiums had been collected.

Mr B complained to WPA after one year had passed, and not at the end of the two year moratorium of the new policy with S. And, Mr and Mrs B did not attempt to make any claims against the WPA policy in 2023-2024.

Having carefully reviewed Mr B's explanations, the cover provided by the policies, and taking into account the point at which Mr B raised his complaint with WPA, I'm satisfied it's most likely that the two policies were in place at the same time by accident. And I'm not persuaded that the consumers were intending to preserve more favourable underwriting terms by purposefully having two similar policies in place at the same time.

### Dual insurance

In cases such as these, where a policyholder has unintentionally held dual cover, I think the fair outcome would usually be for each insurer to refund 50% of the premiums collected for the relevant policy period. I've considered the cover provided by both policies, and I've thought about WPA's point in relation to the moratorium period on the new policy with S.

I accept that a claim related to a pre-existing condition would more likely have been excluded by the S policy due to the two year moratorium which was in force. But to say WPA carried more than 50% of the risk would be to assume Mr and Mrs B's potential claims would only have related to issues caught by the moratorium on the policy with S. Whereas they could also have needed to claim for new conditions. I've seen no evidence that any claims were made by Mr and Mrs B against either of their policies in 2023 – 2024. So it's impossible to know exactly what proportion of a potential claim either insurer would have been responsible for, as this would depend on the specific circumstances.

I don't think it would be fair or reasonable for WPA to keep 100% of Mr and Mrs B's premiums for the period of dual insurance, as I don't think WPA was fully responsible for all of the risk. And for the reasons I've explained, I think the most reasonable position is to say that each insurer was most likely liable for 50% of the risk.

### **Putting things right**

Western Provident Association Limited must:

- refund 50% of the policy premium Mr and Mrs B paid for the policy year which ran from 2023 to 2024; and
- add interest at an annual rate of 8% simple to the premium refund amount from 27 June 2024 until the date of settlement. This reflects the period WPA has held Mr and Mrs B's full premiums, since it was informed that they had been dual insured.

If WPA considers that it's required by HM Revenue & Customs to deduct income tax from the interest, it should tell Mr and Mrs B how much it's taken off. It should also give Mr and Mrs B a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons I've given, it's my final decision that I uphold this complaint. And I direct Western Provident Association Limited to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 15 July 2025.

Gemma Warner  
**Ombudsman**