

The complaint

Ms U has complained that Medicash Health Benefits Limited has refused to reinstate her private medical insurance policy.

What happened

Ms U paid the monthly premiums by direct debit. She says that her bank made an error, resulting in payments not going out.

Medicash contacted her on 11 March 2024 to advise it hadn't received payment. It then wrote to her on 31 May 2024 to advise that the policy had been cancelled.

In August 2024 she contacted Medicash to ask why she couldn't access the app and was told that it was because the policy had been cancelled. On 2 September 2024 she contacted its finance department and paid the arrears for the period July – August 2024.

The payments immediately went into arrears again as no new direct debit had been set up. Medicash wrote to Ms U on 1 October 2024, explaining that the previous direct debit had been cancelled with the bank. So, it enclosed a new direct debit mandate for her to complete and return. As Ms U didn't respond, it wrote to her again on 21 October 2024 to inform her that the policy had been cancelled with effect from 6 September 2024.

The next contact Medicash had with Ms U wasn't until May 2025, when she emailed to ask if the premiums were being collected, and she was informed of the situation. Medicash declined her request to reinstate the policy at that time, as the account was now eight months in arrears.

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.

Looking at the policy terms, they state:

‘3. Premiums’

3.3 The policyholder is responsible for making sure that premiums are paid, regardless of how premiums are paid.

3.4 If premiums are more than six weeks overdue, we may cancel your policy and your cover may cease. We will not pay any claims where the date of treatment is after the date that your policy is paid up to.

And:

‘7. Cancellation and termination’

7.4 We will end all of the cover and benefits of your policy automatically if:

- i you cancel your policy;*
- ii we cancel your policy;*
- iii in the unfortunate event of your death; or*
- iv you are behind with your premiums by more than six weeks.'*

Based on the above wording, it's clear that Medicash can cancel policies that fall into arrears by more than six weeks. Therefore, I'm satisfied that it was entitled to cancel the policy in October 2024.

The crux of Ms U's complaint is that, when she called to pay the arrears in September 2024, she was told that the direct debit could now continue. Therefore, she made an assumption that it would all be arranged from its end and that she didn't need to do anything.

For security reasons, calls to the finance department aren't recorded. So, I don't know what Ms U was told. However, following that call Medicash wrote to her, asking her to complete a new direct debit mandate. Therefore, I consider that Ms U should have understood then that she'd need to take action if she wanted her premium payments to continue and her policy to remain active.

As I understand it, Ms U says she didn't receive the letter containing the direct debit mandate, or the one later in October 2024 telling her that the policy had been cancelled, although they were correctly addressed. She says that Medicash didn't take reasonable efforts to contact her by other means. But why would it, unless there was a reason for her regularly not receiving post which she'd told it about. Overall, in sending the letters, I consider that Medicash did enough to alert her to the situation. And I wouldn't expect it to chase her if she didn't respond to those letters.

Disregarding the notifications she was sent, being that she'd had such trouble with payments going out, I consider she could have checked to see if they had been reinstated in September 2024 after she had paid the arrears. I understand what Ms U has said about having so many direct debits leaving her account that it would be difficult for her to easily check. However, I can't hold Medicash responsible for her not doing so. As stated in the policy terms, it is a policyholder's responsibility to ensure that the premiums are paid.

I appreciate that Ms U would like the policy to continue and that these events have been frustrating for her. However, based on the available evidence, I'm unable to conclude that Medicash has done anything significantly wrong. It's reasonable that it cancelled the policy, in line with the terms and conditions. And it is under no obligation to reinstate the policy. It follows that I do not uphold the complaint.

My final decision

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms U to accept or reject my decision before 6 January 2026.

Carole Clark
Ombudsman