

complaint

Mrs K has complained about Exeter Friendly Society Limited's decision not to renew her annually-renewable private medical insurance ("*PMI*") policy.

background

Mrs K held a policy with Exeter Friendly for many years. Then, in July 2014, Exeter Friendly wrote to Mrs K to say it wouldn't be renewing policies for anyone living in the country Mrs K lived in. As a result, it wouldn't renew her policy when it was due to end around eight months later. Exeter Friendly said its decision was based on regulatory requirements that it had to follow, and due to the decreasing number of policyholders in that country.

In August 2014, Exeter Friendly told Mrs K it was offering all affected policyholders two years' free cover subject to an annual excess and certain other requirements. Exeter Friendly explained this was designed to provide Mrs K and others with a transitional cover between her existing policy ending and a new policy with another insurer starting.

In September 2014, Mrs K wrote to Exeter Friendly to say she was unhappy with its decision not to renew her policy. Exeter Friendly referred to the regulatory requirements that had been imposed on them and its position regarding this.

Mrs K wasn't satisfied. She said she had contacted the relevant country's statutory regulator ("*the regulator*") for PMI policies and was told that all insurers had to register with it following a law passed in 1994. Mrs K was unhappy that Exeter Friendly didn't register with the regulator and questioned why it hadn't told her and other policyholders what that meant for them.

Exeter Friendly explained how it was allowed to continue selling policies following the law being introduced. Mrs K still wasn't happy so she complained to us.

Our adjudicator didn't recommend that the complaint be upheld. She felt Exeter Friendly was entitled to decide not to renew Mrs K's policy for commercial reasons. The adjudicator felt Exeter Friendly's offer of two years' free cover was fair.

Regarding Exeter Friendly's non-registration with the regulator, the adjudicator explained the Financial Conduct Authority ("*FCA*") was the UK regulator, and that it could deal with regulatory issues and take action against businesses – such as Exeter Friendly – that didn't comply.

Mrs K appealed. She questioned how Exeter Friendly continued to sell policies in the relevant country even after the law was passed in 1994. Mrs K said two years' free cover wasn't enough because she had to satisfy a ten-year waiting period with a new insurer before any pre-existing medical conditions would be covered.

Our adjudicator didn't think Exeter Friendly had to offer free cover for longer or that she could force it to provide cover in the future. She also said Exeter Friendly was registered with and authorised by the FCA so felt it could sell Mrs K's policy.

Mrs K still didn't agree with adjudicator's findings so the complaint was passed to me to look into afresh.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'll deal with each of the main parts of the complaint, as I see them, in turn.

Exeter Friendly's status

One of the main issues that Mrs K has brought to us, following Exeter Friendly's decision to stop her policy, is its non-registration with the regulator. As Mrs K sees it, she shouldn't lose out due to Exeter Friendly's non-registration on the basis that if it had been registered she wouldn't have a ten-year waiting period before another insurer would pay any claims for pre-existing medical conditions.

This service isn't part of the regulator or the FCA – the regulator in the UK. Instead, we have the power to settle complaints between UK-based financial businesses and consumers. That means we can look at complaints about Exeter Friendly, which is authorised and regulated by the FCA. But I can't comment on whether it was required to register with the regulator, why it didn't register or the consequences of it not registering. It would be open for Mrs K to take that regulatory matter up with the FCA or the regulator directly.

Exeter Friendly's refusal to renew Mrs K's policy

Exeter Friendly's withdrawal from the country Mrs K lives in was, it says, a commercial decision based on several factors. It has set out those factors to Mrs K. I can't see that Mrs K was treated any differently to other Exeter Friendly policyholders in that country.

In terms of what her contract says, it set out that the policy was to last for one year and that Exeter Friendly wasn't obliged to renew the policy at the end of the year. I can't see that it promised anywhere to cover Mrs K indefinitely.

I realise Exeter Friendly offered to renew Mrs K's policy for many years previously and that its refusal to renew left Mrs K in a difficult position, especially regarding finding alternative cover for any pre-existing medical conditions. But that didn't mean it had to go on offering to renew the policy as it had in the past.

Exeter Friendly's offer to Mrs K.

It offered to continue to cover Mrs K for free for two years, subject to her paying an excess among other things. In the circumstances, I think the offer was fair because, as I've already said, I think Exeter Friendly was entitled to refuse to renew the policy in the first place.

Although the cover wouldn't protect Mrs K for as long as she would like, this would offer her more protection than she would otherwise have had.

I understand Mrs K has now taken up Exeter Friendly's offer and has taken out a new policy with another insurer.

my final decision

For the reasons given, I've decided not to uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 15 January 2016.

Nimish Patel
ombudsman