

The complaint

F, a limited company, complains that BUPA Insurance Limited failed to let it know that its group private medical insurance policy had lapsed.

F is represented by Mr C.

What happened

F held a group private medical insurance policy with BUPA. The policy year was due to end on 27 April 2022. The contract was not set-up to auto-renew.

In February 2022, BUPA sent F a renewal quote which was addressed to Mr C. In early April 2022, BUPA called F's group secretary to check whether F intended to renew the policy and followed-up the call with an email. However, as BUPA didn't receive any contact from F, the policy was lapsed. BUPA sent F a 'no-contact' communication but didn't send it a lapse letter.

The following year, F received marketing material from BUPA. Mr C says it was at this point that he realised the policy hadn't been renewed and so a complaint was made to BUPA.

BUPA acknowledged that it should have sent F a 'lapse' letter. So it agreed to reinstate the group policy on the same underwriting terms with effect from 28 April 2022. But it told F that it would need to pay the backdated premiums in order for it to do so.

Mr C was unhappy with BUPA's position. He felt that as BUPA had failed to send a lapse letter, F shouldn't need to repay the full backdated premiums. He asked us to look into F's complaint.

Our investigator thought that BUPA was entitled to require F to repay the full 2022-23 premium in order for the policy to be reinstated. However, he thought its failure to send F a lapse letter had caused Mr C some trouble and upset. So he recommended that BUPA should pay Mr C £200 compensation.

I issued a provisional decision on 24 October 2023, which explained the reasons why I thought BUPA had already settled F's complaint fairly. I said:

'It's common ground that BUPA lapsed F's policy on 28 April 2022 after it didn't receive an instruction to renew it. It's also accepted that BUPA failed to send F a letter to confirm that the policy had been lapsed, although it acknowledges that it should have done so. To recognise its error, BUPA offered to reinstate the policy on the same underwriting terms, with effect from 28 April 2022, if F paid the premiums it would have been charged for that policy year. So I've gone to explore whether I think this was enough to put right its error.

I've seen a copy of the renewal quote BUPA sent to F on 25 February 2022, along with a covering letter. This was addressed to Mr C, at what appears to have been the correct address. The quote set out the renewal terms BUPA was offering F for the 2022-23 policy. And the cover letter clearly stated: 'It's important that you call us before 28/4/2022 to confirm

you want to renew your cover. If you don't, your cover will end and your employees will no longer be able to claim.' The letter included a number for F to call if it wished to proceed with renewal. While I appreciate Mr C has said he didn't receive any renewal information, on balance, I think it's more likely than not that this letter was sent, even if it wasn't received.

On 4 April 2022, BUPA called F's group secretary. I've listened to the call. In brief, BUPA's account manager explained that the renewal quote had been sent and that they were calling to check whether F wished to renew the policy. The group secretary explained that Mr C was away from the office, but that they would check the post and with Mr C and call BUPA's account manager back.

BUPA's account manager provided their contact number and also followed-up the call with an email which was sent to the group secretary on 4 April 2022. This email included the following:

'I am contacting you regarding your renewal which is due...As the scheme is not renewed automatically I will require confirmation on the following points...'

In my view, BUPA's paperwork made it sufficiently clear that the policy wouldn't auto-renew and that it would lapse if F didn't get in touch to confirm it wanted to renew the policy. I also think BUPA took reasonable steps to contact F to check whether or not it wanted to go ahead with renewal. There is no record that F contacted BUPA regarding the renewal prior to 28 April 2022 or to advise BUPA that it hadn't received the renewal quote. On that basis, the policy wasn't renewed. It seems that BUPA's account manager emailed F's group secretary again in May 2022 to explain that they'd tried to contact F to discuss the renewal which had been due on 28 April 2022. Again, no contact was received from F until March 2023, after it had received marketing material.

Generally, in my experience, most, if not all private medical insurers provide only a short window for lapsed policies to be reinstated on the same terms. After that point, most insurers will require an entirely new policy to be set-up, potentially on different underwriting terms. In this case, BUPA stepped outside of its usual process and offered to reinstate F's policy on the same terms as if there'd been no break in cover, around 11 months after the policy had lapsed. In my view, this was a fair and reasonable response from BUPA.

And in my view, BUPA was entitled to require F to pay premiums for that backdated cover. I don't think it would be fair for me to direct BUPA to write-off premiums it would otherwise be entitled to for providing cover for a backdated risk. I'm mindful too that, as I've explained, I think BUPA took reasonable and appropriate steps to check whether F wished to proceed with renewal. I don't think it would be proportionate for me to direct BUPA to reduce the backdated premiums when I think that F's failure to get in touch with it was broadly responsible for the lapsing of the policy.

I do appreciate that it would've come as a shock to Mr C when he learned that the policy had been lapsed. But I don't think it would be reasonable for me to make an award for F's inconvenience or wasted management time in this case. That's because, as I've said, I think BUPA made very reasonable steps to put things right and it offered to reinstate the policy very soon after F got in touch with it in March 2023. It seems F's employees suffered little inconvenience during the period the policy had been lapsed and there's no evidence that F suffered any financial or consequential losses as a result of the failure to send a lapse letter. On that basis, I'm not intending to direct BUPA to do anything more or to pay F any award for inconvenience.'

I asked both parties to provide any additional evidence or comments they wanted me to consider.

BUPA didn't respond by the deadline I gave.

Mr C indicated that F had received my provisional decision; that F didn't accept it and that he intended to write to me in response. However, he hasn't sent in any further information or comments by either of the deadlines we gave.

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.

The relevant regulator's principles say that a firm must conduct its business with due skill, care and diligence. And that it must pay due regard to the interests of its customers and treat them fairly.

I explained in my provisional decision that I'd noted BUPA accepted it had made an error when it failed to send F a lapse letter following its cancellation of the policy. And I set out why I thought its offer to reinstate the policy - around 11 months after the lapse date, on the same terms and without any break in cover - was a fair and reasonable response to put right that mistake.

As neither party has provided me with any substantive additional comments or evidence by the deadline I gave, I see no reason to change my provisional findings. And so my final decision is the same as my provisional decision – I find that BUPA has already settled F's complaint fairly. So I'm not directing BUPA to do anything more.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that I think BUPA has already settled this complaint fairly.

Under the rules of the Financial Ombudsman Service, I'm required to ask F to accept or reject my decision before 27 December 2023.

Lisa Barham
Ombudsman