



Case study: Insurance

MIS-SOLD INSURANCE POLICY PROVIDED NO COVER

Themes: Travel health Insurance, mis-selling, terms and conditions, interpretation of Misleading or unclear language against Insurer

Mr B was planning a holiday to an African country to visit his daughter-in-law for 38 days. He contacted the FSP by telephone to obtain health insurance. The FSP recommended he purchase a specific insurance plan (the “policy”) they offered. Mr B bought the recommended policy. Later he complained the policy was automatically renewed without his consent, causing him financial loss paying for a renewed policy he did not need as his period of travel had concluded. His complaint to the FSP was not resolved and he brought his complaint to CIFO.

CIFO confirmed that the original insurance policy was bought and activated in December 2015 and was renewed three months later in March 2016. Mr B had originally telephoned the FSP and asked for a policy to cover him for only 38 days. When informed that he was unable to take out a policy for this specific length of time, he was told that the minimum period that a policy could be taken out for was three months. He was told ‘when it comes to the three-month plan, we can only offer it on a quarterly basis’. The relevant policy documentation reviewed by the CIFO case handler indicated that the policy was in fact an annual product. The case handler concluded that inaccurate information had been provided to Mr B.

The case handler also noted a second telephone conversation between Mr B and the same advisor from the FSP. In this conversation, Mr B was informed that he could view the terms and conditions of his new policy online within 24 hours of purchasing it. When he tried to do this after paying the premium for the policy, he discovered that he could not access the online terms and conditions. This was due to the FSP suspending his access until a valid address was provided. As he had no address in the African country other than his daughter-in-law’s, which he did not know, he could not meet this requirement and so could not view the details of his policy after having paid for it.

The insurance company pointed out that, in the first telephone call, Mr B was asked to ‘get in contact when your trip is over, and we will cancel your plan’. He did not do this.

During the second telephone call, he was told ‘the policy will automatically renew next year, and you will receive a reminder of this in advance’. Considering that the policy was activated in December, the use of the expression ‘next year’ was easily misinterpreted. In addition, due

to Mr B not being able to read the terms and conditions of the policy online, the case handler concluded it was reasonable to assume that Mr B would rely on this reminder prior to renewal.

However, a reminder was not sent to Mr B by the FSP before the renewal date of the policy.

Conclusion

In the end, it was a previously unknown aspect of this complaint that determined the outcome. During the detailed review of the policy documentation, CIFO's case handler noted that the policy sold to Mr B was exclusively intended for expatriates. The case handler concluded that this had not been explained to Mr B. The case handler also took the view that Mr B was a US citizen living in the US and was only going to the African country on holiday. Therefore, Mr B was not an expatriate living and/or working in an African country and thus would not have been covered by the policy in any event. CIFO's case handler concluded that this constituted a mis-selling of the policy making the previous aspects of the complaint essentially irrelevant.