

Notice of Determination

by the Life Code Compliance Committee (Life CCC) on alleged non-compliance with the Life Insurance Code of Practice by a subscriber

Reference:	CX6505	Date:	12.11.2020
Code sections:	1.5		
Investigation:	A consumer-reported alleged Code breach		

The alleged Code breach:

The Consumer had a life insurance policy (the policy) with the Subscriber. On 15 July 2019, the Consumer called the Subscriber and requested that the policy be cancelled. The Subscriber advised that a policy cancellation required a completed cancellation form, which would be sent to the Consumer via email. The Consumer provided their personal email address to the Subscriber during the call.

On 23 October 2019, the Consumer contacted the Subscriber and raised concerns about being charged ongoing premiums for the policy despite the cancellation request. A review by the Subscriber identified that the Subscriber had misspelt the Consumer's email address and sent the cancellation form to an incorrect email address. The Subscriber acknowledged that this was due to human error on their part.

The Subscriber initially offered to refund one month's premium paid by the Consumer, however upon further review in December 2019, the Subscriber increased the refund to include all premiums charged between July 2019 and October 2019.

On 25 October 2019, the Consumer lodged a complaint with Life CCC alleging that the Subscriber failed to comply with section 1.5 (b) of the Code. However, the matter was placed on hold by the Life CCC because the Consumer stated an intention to lodge a complaint with Australian Financial Complaints Authority (AFCA).

In late February 2020, the Consumer confirmed that no complaint had been lodged with AFCA and the Life CCC then commenced its investigation regarding whether the Subscriber complied with sections 1.5 (b) and (d) of the Code.

Findings in accordance with Charter clause 7.4(b)(iii)¹:

The Life CCC determined that the Subscriber was not in breach of section 1.5 of the Code and that the allegation was unfounded.

¹ The Life CCC is bound by its Charter to use the terminology 'the reported allegation was proven in whole or in part or was unfounded.' This in essence requires the Life CCC to state if it determined there was a breach or not. The Life CCC will explain its determination in plain language in the body of the Determination.

The Life CCC findings and conclusion:

Section 1.5

Section 1.5 (b) refers to fairness and respect and section 1.5 (d) refers to timeliness.

The Subscriber acknowledged that sending the cancellation form to the wrong email address was due to an error on their part as they had misspelt the Consumer's email address when it was verbally provided during the phone call with the Subscriber on 15 July 2019.

However, upon realisation of the error in late October 2019, the Subscriber immediately offered to refund one month's premium paid by the Consumer. The Consumer disputed the amount of refund and upon further review, the Subscriber decided to refund the Consumer's unused portion of all premiums which were charged from July 2019 – December 2019 in the amount of \$1095.00. The refund was made to the Consumer on 20 December 2019.

The Subscriber also issued a letter to the Consumer on 20 December 2019 advising that it had backdated the date of policy cancellation with the refund of the unused premiums. In the letter, the Subscriber also confirmed that it sent the cancellation form to an incorrect email address due to human error and apologised.

Based on the information provided, and given its final decision on the refund of premiums, the Life CCC was satisfied that the Subscriber responded in a fair and timely manner to the Consumer's concerns once it was made aware of the email error.

Accordingly, the Life CCC determined that the Subscriber was not in breach of section 1.5 of the Code and that the allegation was unfounded for the purposes of clause 7.4(iii) of the Charter.

Key learnings

The Life CCC expects Subscribers to treat Consumers fairly and with respect, and to respond to Consumers' inquiries in a timely manner.

Relevant Code Section

Section 1.5:

The principles that apply to **our** products and services that are covered by the **Code** are:

- a) clarity and transparency;
- b) fairness and respect;
- c) honesty;
- d) timeliness; and
- e) communications in plain language.

The Life CCC is the independent body responsible for the administration and enforcement of the Life Insurance Code of Practice (the Code). It acts in accordance with the Life CCC Charter, which sets out the powers, duties, functions and responsibilities of the Committee, subject to any provisions in the Code. This Determination is issued in accordance with clause 7.4 of the Life CCC's Charter in order to facilitate agreement between the Life CCC and the Subscriber on corrective measures and the relevant timeframes for their implementation.