

The complaint

Mr M is unhappy that BUPA Insurance Limited said he wasn't entitled to a significant discount to his premiums when his private medical insurance policy was next due to renew after 65th birthday. He's also unhappy with the customer service he received from BUPA.

What happened

Mr M had the benefit of a medical insurance policy through his employer (who I'll refer to as 'U'). After he took early retirement from U in around 2008, and because he continued to receive a pension from them, he was able to continue to benefit from preferential rates as a former employee of U.

He received a letter from BUPA dated 15 January 2008 which read:

"when you reach the age of 65 you would automatically be moved into the pensioners group which currently has a discount of 60%. I would add that discounts and membership terms are subject to change so it would be a good idea to contact us nearer your retirement so that we can go through your options with you".

Mr M contacted BUPA on 13 January 2020. He said his 65th birthday was a few months away and wanted to see if he was still entitled to a 60% discount.

BUPA's representative wasn't able to provide assurances during that call but said he would make some further internal enquires and get back to Mr M. He didn't do this and Mr M chased BUPA for a response on 28 January, and 18 February 2020.

He was ultimately informed that BUPA had stopped providing the stipulated discount when members of U's policy turned 65 in Mr M's circumstances. That's because it said the policy was specially rated and the premiums Mr M had been paying – and would continue to pay if he chose to continue to renew the policy – had been influenced by the claiming history of U's employees/former employees.

Mr M wasn't happy with this explanation. He was also concerned that:

- BUPA hadn't notified him at any time after the letter dated January 2008 that the 60% discount wouldn't be available after he turned 65.
- BUPA's representative hadn't clarified why he was no longer entitled to a discount and hadn't got back to him, as he'd been told.

BUPA treated his concerns as a complaint. It concluded that Mr M wasn't entitled to a 60% discount even though he'd reached the age of 65. The letter dated January 2008 explained that discounts and membership terms were subject to change and there were no new offers at the time that replaced the over 65's plan it had in place in 2008. It did, however, apologise for its representative not sending details as promised after the call in January 2020 and advised that feedback will be given.

Mr M brought a complaint to our Service, which wasn't upheld by our investigator. Mr M disagreed with our investigator's recommendations, so his complaint was passed to me to consider everything afresh to decide.

I issued my provisional decision in January 2022 explaining why I was intending to partially upholding Mr M's complaint. An extract of which is set out below:

"The over 65's discount"

I can understand why Mr M will have been disappointed to discover that BUPA no longer offered a substantial premium discount when reaching 65.

However, I'm satisfied that the letter clearly sets out that discounts and member terms are subject to change. And I'm satisfied that the letter makes clear that there's no guarantee that this offer would still be in place once Mr M reached 65 years of age.

I'm also satisfied that BUPA was under no obligation – contractual, regulatory or otherwise - to contact Mr M after the letter dated January 2008 (and before he was due to reach 65 years of age) to inform him that the discount offer, which was in place in 2008, was no longer in place for him given the policy he had the benefit of.

That's also supported by the letter dated January 2008 inviting Mr M to contact BUPA nearer his retirement so that it could discuss his available options then (because discounts and member's terms were subject to change). And that's what Mr M did when contacting BUPA on 13 January 2020.

The service received from BUPA

BUPA accepts that the representative Mr M spoke to when he called BUPA on 13 January 2020 didn't provide him with certain details as promised after the call. It's apologised and said it will feedback to the representative to ensure this doesn't happen again.

As a result of not providing the information requested, Mr M called BUPA on 28 January 2020 to chase a response and to again seek to clarify what his options were. The representative confirmed that he would email the representative Mr M spoke with on 13 January 2020 to ask him to call him back.

Having not received a reply, Mr M contacted BUPA again on 18 February 2020. He said he'd still not heard back from the representative despite sending an email. This was the first time BUPA confirmed to Mr M that the discount set out in the letter dated January 2008 was no longer available to him. And he was told that this was because his policy was part of a specially rated group. Mr M asked for confirmation in writing and BUPA wrote to him around a week later to confirm that the policy is specially rated price based on U's group claiming history.

In this particular case, I'm not persuaded that an apology is enough to recognise the distress and inconvenience experienced by Mr M as a result of the poor service he received. He wasn't given clear or definitive information during the call on 13 January 2020 about whether the 60% discount mentioned in the January 2008 letter was still applicable to him. During this call there was also mention that the discount rate had increased to 62% but that was only available in certain situations and it was unclear whether that would apply to Mr M. The call concluded by the representative telling Mr M that he would speak to the actuary and pricing teams and get back to Mr M with the answers he sought. Mr M asked for all the information to be emailed to him.

Mr M didn't get clarity on this issue until around five weeks later, and that was only after he spent time chasing BUPA by making two calls to them. I accept that this caused him unnecessary and unreasonable inconvenience and worry, by not receiving information about whether he was entitled to discount promptly after the call which took place on 13 January 2020.

I intend to direct BUPA to pay Mr M £100 compensation to reflect the distress and inconvenience he experienced.

Responses to my provisional decision

I invited both parties to provide me with any further comments or information in response to my provisional decision.

BUPA replied saying that they accepted my provisional findings. Mr M replied raising several points. In summary Mr M said:

- He'd expected a decision in his favour;
- After the call on 13 January 2020, he was left with the impression that the over 65 discount group was still operating although closed to new business and transfers. Mr M says he didn't think he'd be classed as new business and he wasn't transferring from any other scheme. He also thought he might now be entitled to a 62%.
- He doesn't think the position was made clearer during the call on 18 February 2020. He says he understood that at his next policy renewal date, and without having to move group or having any classification changed on his account, the discounted rate would be applied then.
- The letter dated 24 February 2020 did nothing but to confirm what he already knew when he'd joined the scheme many years before; that the scheme was specially rated, and the price based on group claiming history. He didn't receive written confirmation of what was discussed during the call on 18 February 2020, as he'd requested.
- BUPA has acted unfairly by offering a 60% discount in future to those policyholders over 65 years of age but later not offering any discount. By doing so, he says BUPA has tried to confuse elderly customers or wear them down.
- Not once during the conversations Mr M had with BUPA was he told that a discount wouldn't be applied to the policy premium at renewal.
- He could've changed insurance provider in 2008 had he known that BUPA would've behaved like this but now any potential insurers wouldn't cover any of his pre-existing conditions which have occurred since 2008.
- He may have missed out on premium discounts when the policy had been renewed each year previously.

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.

That includes the further points Mr M has raised in response to my provisional decision.

Having done so, I remain satisfied that the letter dated January 2008 clearly sets out that discounts and member terms are subject to change. And I'm satisfied that the letter makes clear that there's no guarantee that this offer would still be in place once Mr M reached 65 years of age. For reasons set out in my provisional decision, I don't think BUPA had any obligation to contact Mr M after the letter dated January 2008 to inform him that the discount offer was no longer in place for him.

Mr M says that he could've changed insurers at some time between 2008 and 2020 had he known that the 60% discount would no longer be available after he turned 65. However, I'm satisfied that the letter dated January 2008 didn't offer any guarantees that the discount would be available many years into the future and he was free to make enquiries with other medical insurance providers at any time and weigh up the cost and benefits of taking out private medical insurance with another provider.

Having listened to the calls Mr M had with BUPA in early 2020, I'm satisfied that Mr M was aware on 18 February 2020 that he wasn't entitled to a discount of either 60% or 62%. He was told that BUPA don't offer those discounts to policyholders over the age 65 anymore in such circumstances. I accept that because the policy was due to renew many months into the future, BUPA's representative couldn't confirm the premium at the next renewal date. I don't think that's unfair or unreasonable as I would usually expect the premium to be calculated closer to the date of renewal rather than halfway through the policy year.

I remain satisfied that Mr M wasn't given clear information during the call on 13 January 2020 about whether he was entitled to a 60% discount after turning 65 (and he was told by BUPA's representative that this percentage had increased to 62%). It was left that BUPA's representative would revert back to Mr M after he'd clarified some things internally and when Mr M didn't hear from him – understandably – he chased BUPA. He wasn't told until 18 February 2020 that he wouldn't receive the discount of 60% or 62% - which was the second time he had to chase BUPA.

As such, I remain satisfied that Mr M experienced distress and inconvenience as set out in my provisional decision and I think BUPA should pay him £100 compensation to reflect this – which it's agreed to do.

I can understand that Mr M may not have received in writing the information he was given over the phone on 18 February 2020 as he'd requested during that call. However, he did receive a letter dated 24 February 2020 and if that letter didn't contain all the information he wanted, he could've followed this up with BUPA. But I can't see that he did at the time. And in any event, the letter would've only confirmed what he'd been told during the call – so it was information he already knew. So, I don't think he has been impacted by not receiving a more detailed letter confirming the discussion that took place around a week prior.

So, for the reasons set out above and in my provisional decision (an extract which appears in the background of this final decision), I only partially uphold Mr M's complaint.

Other issues

Mr M has raised concerns that BUPA may not have calculated his medical insurance premiums correctly over many years – and he's also unhappy with the cost of his policy upon renewal in October 2020. However, those complaints weren't raised with BUPA before it issued its final response letter to Mr M in September 2020. If he remains unhappy about

those issues, he is free raise them with BUPA in the first instance - to allow it an opportunity to investigate in accordance with its complaints' procedure.

Putting things right

I direct BUPA to pay Mr M £100 in compensation for distress and inconvenience.

My final decision

I partially uphold Mr M's complaint. I direct BUPA Insurance Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 March 2022.

David Curtis-Johnson
Ombudsman