

## **The complaint**

Mrs C is unhappy because she says that ActiveQuote Limited mis-sold her a private medical insurance policy.

## **What happened**

ActiveQuote sold Mrs C a private medical insurance policy, underwritten by an insurer I'll refer to as 'A'. They provided her with advice about which policy was most suitable for her.

After she'd taken out the policy Mrs C learned that she could have protected her no claims discount (NCD). A said it wasn't possible to add that option on mid-way through the policy year. Mrs C complained to ActiveQuote because she said she hadn't been told she could add this feature on to her policy.

In their final response ActiveQuote acknowledged that Mrs C hadn't been made aware she could protect her NCD for an additional cost. They explained that they would review the situation at the point of renewal and sent Mrs C a £25 voucher. Unhappy, Mrs C complained to our service.

Our investigator looked into what had happened, including the impact on Mrs C's renewal price. He thought that Mrs C was £252.98 out of pocket as a result of not having the protected NCD. So, he thought ActiveQuote should put things right by paying this financial loss together with £600 compensation to reflect the ongoing impact on Mrs C's premiums.

ActiveQuote didn't agree and asked an ombudsman to review the complaint. They offered to pay £100 compensation, £252.98 to reflect Mrs C's financial loss and to review the policy at each renewal (and deal with any further detriment at that stage). Mrs C didn't want to accept this offer. She said that she accepted our investigators proposed settlement of the complaint. So, I need to make a decision.

## **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.

ActiveQuote gave Mrs C advice about the policy. So, the relevant rules and industry guidelines say that they had a responsibility to make sure that it was right for her. And they also needed to make sure that they gave her enough information about the policy so that she could decide if it was right for her.

I'm upholding Mrs C's complaint because:

- It's accepted that Mrs C wasn't told about the option to protect her NCD or advised to take it out. I think Mrs C should have been told about this. It was an important feature of the policy and it should have been discussed with Mrs C when ActiveQuote was in the process of identifying her demands and needs and when providing her with information about the policy. I'm satisfied it is most likely Mrs C would have selected

the protected NCD if she'd been told about it, particularly bearing in mind that it was a relatively small additional cost.

- I think Mrs C has lost out financially as a result of what went wrong during the sales process. That's because Mrs C claimed on the policy and now her premiums have increased because the NCD wasn't protected. This is also likely to have an ongoing impact on her premiums at each renewal.
- ActiveQuote has agreed to cover the £252.98 that Mrs C is out of pocket as a result of the protected NCD not being applied. This takes into account that Mrs C would have paid more for the protected NCD but reflects that, as a result of not having a protected NCD, her premiums have increased by around 30% for this specific reason.
- Mrs C has had a lot of worry because she's been unwell and needed to make a number of claims on the policy. She's also left in a position where she can't now add the protected NCD, because she's made a claim. And because her NCD isn't protected, claims will have an impact on her premiums at renewal due to the way in which A structures it's NCD and premiums.
- I don't think it's fair for Mrs C to have to approach ActiveQuote at each renewal to see what the impact of the lack of protected NCD has on the premiums. That's more worry and uncertainty on top of the frustrating experience Mrs C has had to date. So, I think the fairest way to put things right is to make a payment for the distress and inconvenience Mrs C has been caused, acknowledging the longer-term impact on Mrs C.
- Mrs C says she is angry about having been placed in this position. It's clear from her testimony that she's found the uncertainty worrying and frustrating. That's been ongoing because she also is worried about the longer-term impact on her premiums, particularly as she's told us that she's needed to make a number of claims. So this also places her in a more difficult position because it will be more difficult to move to a different insurer, as it is most likely she'll have to pay higher premiums and/or for the insurer to place exclusions on the policy. So, I think £600 more fairly reflects the distress and inconvenience caused. I don't think £100 is enough to put things right. In reaching my decision I've taken into account that Mrs C may chose to cancel her policy. But I think this is the fairest way to put things right in the circumstances of this case.

### **Putting things right**

Mrs C has already received the voucher so ActiveQuote needs to put things right by paying Mrs C:

- £252.98 which is the direct financial loss caused by the increase in Mrs C's premiums
- £600 to reflect the distress and inconvenience that the issues during the sales process have caused her.

### **My final decision**

I'm upholding this complaint against ActiveQuote Limited and direct them to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 19 October 2022.

Anna Wilshaw  
**Ombudsman**