

## The complaint

Ms C is unhappy that BUPA Insurance Limited didn't inform her that she could save money by switching to a different private medical insurance policy it offered. As such she says she has been paying considerably more for her private medical insurance for many years.

## What happened

Ms C had the benefit of a group medical insurance policy through her employer. But she transferred to an individual private medical insurance policy in 2001. She had the benefit of a 'BUPA care' private medical insurance policy – scale C ('BUPA Care'). BUPA Care renewed each year until 2021, when Ms C switched to a 'BUPA essential care' private medical insurance policy, on the same underwriting terms ('Essential Care').

Ms C is unhappy because over many years, around the time of receiving the renewal notice, she'd contact BUPA about the price quoted for BUPA Care for the next policy year. And although various options had been discussed – and she had been offered discounts on the original price quoted - it wasn't until 2021 that she was told about Essential Care. After being provided with the key features of Essential Care, she decided to switch from BUPA Care as Essential Care was considerably cheaper.

She's said that Essential Care had been available from BUPA since before 1999 so she ought to have been told about it many years sooner. If she had been, she says she would've switched from BUPA Care earlier than 2021, saving herself a considerable amount of money. So, she asked BUPA to refund her for the difference between what she paid for the BUPA Care and what she would've paid for Essential Care over a number of years.

BUPA didn't agree to Ms C's request. It said that Ms C always made it clear when contacting BUPA about the renewal of BUPA Care that she didn't want to make changes to her cover, and that's why its representatives didn't discuss the different levels of cover available within BUPA's product range. It said any conversation regarding cover had to be led by Ms C as it offers its products on a non-advised basis.

Unhappy with BUPA's response, Ms C brought a complaint to our service. Our investigator didn't uphold her complaint. As Ms C disagreed, her complaint was passed to me to consider everything afresh and decide.

I issued my provisional decision in January 2023 explaining why I was intending to partially uphold Ms C's complaint and my proposal for BUPA to put things right by paying Ms C the difference between the premium she'd paid for BUPA Care for the policy years 2016/2017, 2017/2018, 2018/2019, 2019/2020 and 2020/21 with what she would've paid for Essential Care for the same policy years (together with interest).

An extract of my provisional decision appears below:

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BUPA has an obligation to treat customers fairly. And in the particular circumstances of this

case, I don't think it has acted fairly and reasonably by not mentioning to Ms C the key features of Essential Care earlier than 2021 (including the cost which was considerably cheaper than BUPA Care).

I'm satisfied that the cost of BUPA Care was a concern to Ms C. BUPA's internal records reflect that she was in regular contact with it over the years around the time of renewal to discuss whether BUPA could reduce the cost of the policy for the following policy year, particularly from April 2015.

In 2021, when Ms C contacted BUPA about the cost of BUPA Care (after receiving the renewal notice), the representative said that she could review Ms C's options. I accept that Ms C said that she wanted to keep everything the same. So, she was then only offered one month free. And when Ms C enquired whether the representative could do anything more, the representative again spoke about different options available.

I'm satisfied from listening to the call that Ms C was under the impression that to explore other options meant that she would have to consider changing the hospital list she'd benefitted from, would have to reduce cancer cover or have her policy underwritten again by answering questions about her health.

However, when BUPA's representative explained that Ms C had the benefit of the most expensive outpatient benefit and that BUPA also offered policies which wouldn't cover initial outpatient consultations with specialists, Ms C wanted to find out more. She was then told that cancer consultations would still be covered, and she'd have the same level of cancer care she'd always benefitted from, the same hospital list and it would cover pre-existing medical conditions. However, she was told complementary treatments wouldn't be covered and she'd have no cover for mental health. She also wouldn't benefit from the NHS cashback, which is a set payment she'd receive each day if she had to stay in an NHS facility. She was told that this insurance product was called 'Essential Care' and it would cost more than half the price of BUPA Care she'd been quoted for.

Ms C asked to be sent details of the key features and costs, applying different excesses so she could consider further. She also said she hadn't been told about Essential Care previously when she'd called to discuss the cost of the policy. She said she'd only been given the option to change the hospital list, cancer cover or for the policy to be underwritten again. That's why when she'd been asked previously about whether she wanted to discuss her options she'd declined because she didn't want to change those features as they were important to her. I'm persuaded by what Ms C says about this. And given some of her past interactions with BUPA, I can understand why she had that belief – which I think was genuinely and reasonably held. I'll explain why.

BUPA's note dated April 2016 reflects that Ms C had called BUPA to discuss the price and its representative offered to go through the options, but Ms C wanted the 'filters' sent out. A letter was subsequently sent to her, and she was told that in order to review cover, Ms C would have to provide information such as her preferred excess, the level of cover she wanted for cancer – and which hospital list. She was also asked whether she'd consider answering questions about her health so that the policy could be fully underwritten again – or whether she'd consider a moratorium policy. Importantly, I think in this case, she wasn't told that altering the consultant outpatient benefit – or removing certain benefits such as complimentary therapy and mental health cover – could make a difference to price. As a result, she didn't contact BUPA that year to discuss those options further.

I haven't been given a recording of the call she had with BUPA's representative in April 2018 but BUPA's internal notes reflect that she called to query the renewal price and was looking to reduce her premium. It's reflected that she was presented with options and offered a

reduction of two months' premium – which Ms C accepted. Without anything further, I think it's likely on a balance of probabilities that Ms C was only asked the same questions that she was sent in 2016 (detailed above). That's because the note reflects that she and the representative went through the 'filter grid' together – a similar term to the filter questions referred to in BUPA's note of April 2016 when she'd called to discuss the premium then.

I'm satisfied that's why when Ms C called BUPA in March 2019 to discuss the renewal price she'd been quoted and was asked whether she'd consider adjusting the policy, she said she was not prepared to switch to a different policy. I can understand why she (reasonably) believed any reference to adjusting BUPA Care meant going through the 'filter grid' or having to have her policy underwritten again. That's supported by what BUPA's representative says at the end of the call when Ms C remained unhappy that BUPA had offered her one month's premium free. Ms C was told that an alternative policy could be offered but that would involve underwriting. I think it's unlikely that reference made to an alternative policy related to Essential Care as switching to this policy didn't require the policy to be underwritten again. And there was no mention of possibly reducing the level of outpatient benefit – or the other features of the Essential Care.

When contacting BUPA in April 2020 to discuss the premium she'd been quoted at renewal, she was told by the representative that they could look at different ways of reducing the cost of the policy. Ms C was asked whether she wanted to make changes to BUPA Care.

Ms C responded that she wanted to keep it the same. She was then told BUPA could offer her one month free again but other than that she'd have to change her excess or coverage, which Ms C didn't want to do. But again, given the possible changes that could've been made to BUPA Care as discussed previously with Ms C – particularly in 2016 and 2018 - I can see why she didn't want to go down this route again as she wasn't interested in making those particular changes.

At some point during the call, Ms C is also told by BUPA's representative that she could look at options such as 'consultations, excess' but I don't think it would be reasonable to expect Ms C to be aware that the brief reference to consultations meant the outpatient consultation benefit could be reduced. And that if she switched to another policy which didn't include complimentary treatment or mental health cover, such as Essential Care, she could save on the premium. Particularly without further explanation such as the one given in the April 2021 call, which prompted Ms C to want to find out more about the features of Essential Care.

BUPA accepts that Essential Care was available from at least 2002 when Ms C transferred to BUPA Care from the group policy, she had the benefit of. I haven't got any documentation from the time, but I'm satisfied from the policy certificates I've seen, spanning several years, that Ms C would've been aware of the key features of the policy – including the costs and main benefits of BUPA Care when she transferred in 2002. And these features were on the policy schedules sent to her each year. I can't see anything to suggest that she wasn't happy with the level of cover.

As I don't think BUPA advised Ms C to transfer to BUPA Care in 2002, it was for her to decide whether the policy met her needs. BUPA – unless asked – weren't under any requirement to present different options to her or at each subsequent renewal.

However, when Ms C contacted BUPA to discuss the cost of the policy in 2016, I think she should've been presented with different options then – including the option of Essential Care. And if she had been, I think it's most likely she would've switched from BUPA Care. I accept that she didn't know about Essential Care before April 2021 and from what both parties have said it doesn't look like details of Essential Care were on BUPA's website at the time.

Ms C said during the call dated April 2021 that she didn't have any use for mental health cover, complimentary treatment cover or the NHS benefit. And I've seen nothing to show that she ever made a claim on the policy for any of those benefits during the entire time she had the benefit of BUPA Care. That's not to say BUPA wasn't on risk for such claim during that time. But I think it does support what Ms C says about when weighing up the reduced cost of Essential Care with the reduced benefits, she would've chosen to go without certain benefits to have a cheaper policy. Particularly as Essential Care still provided full cancer cover, the same hospital list, same excess and covered pre-existing medical conditions.

Essential Care doesn't cover initial outpatient appointments but given Ms C's level of excess, I accept what she says about that benefit not being an important concern to her, given the financial savings she'd make by switching to Essential Care.

Ms C has also raised concerns about the cost of the Essential Care compared with BUPA Care. In my experience there would be various factors which medical insurers base its premiums on. And these policies didn't offer like for like cover so the base cost would be based on the cover provided. So, as Essential Care didn't cover mental health for example, it's understandable that there would be a price differential between the two policies.

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Both parties were given an opportunity to reply. BUPA didn't object to my provisional decision. Ms C raised further points in response and also provided a recording of a call she had with BUPA in April 2015, which I listened to.

In light of that phone call, I explained to the parties in an email dated 9 February 2023 that I also intended to direct BUPA to pay the difference (with interest) between the premium Ms C paid for BUPA Care for the policy year 2015/2016 and what she would've paid for Essential Care for the same policy year – in addition to the amounts set out in the provisional decision.

That's because in April 2015 Ms C called BUPA about the premium being too high and wanted to explore ways of reducing this. I explained to the parties that I was satisfied:

- Ms C was told by BUPA's representative that he could go through her options to change cover to reduce the price. And if she wanted to change policies that would involve a revaluation of her medical history.
- Ms C didn't want to do this initially, but she did agree to be given a quote to see how this would impact her premium. She was asked whether she was happy to contribute towards consultations and therapies and she said she would, if it brought down the price of the policy.
- She was then given three options – none of which appear to have resembled Essential Care as Ms C had already been told that to take out a new policy, BUPA would have to consider her medical history again and pre-existing medical conditions could be excluded. That's different to what she was told in 2021 when Essential Care was mentioned. She was told she could switch to Essential Care and any pre-existing conditions would be covered.
- There's no mention of removing the benefits for complimentary treatments, treatment for mental health or the NHS benefit.

I explained that had Essential Care been explored with Ms C in 2015 - in response to her saying she'd consider contributing towards consultations and therapies - and she knew that her pre-existing medical conditions would be covered, I think it's likely she would've opted to

switch at that stage. Particularly as she would've been paying almost £800 less for Essential Care and she was proactively looking at ways to reduce the premium. Her hospital list and cancer benefit would've been the same and that seems to have been very important to her.

In response to my provisional decision, Ms C also referred to letters she'd received from BUPA dated March 2010 and March 2011 which she says led her to believe that to reduce her premium she would've needed to change hospital lists or reduce her excess. She says it's likely that letters she received from BUPA before then at renewal would've said something similar.

However, I explained that I didn't consider it fair and reasonable to direct BUPA to reimburse the difference in premiums between BUPA Care and Essential Care before the policy year 2015/2016. Before that time, I don't think BUPA was under a duty (regulatory, legal or otherwise) to tell her about different policies - or ways in which she could reduce her premium - when writing to her about the renewal of her policy. And although BUPA mentioned two ways in which her premium might be reduced in the letters, she was invited to call a particular number if she wanted to further discuss her options.

Both Ms C and BUPA accepted the proposed variance to my provisional 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.

As both parties accept my proposed variance to my provisional decision dated January 2023, for the reasons already explained to the parties – as set out in my provisional decision and subsequent correspondence to the parties dated 9 February 2023 (an extract and summary of which are set out above and form part of this final decision) - I partially uphold Ms C's complaint.

### **Putting things right**

I direct BUPA to put things right by paying Ms C the difference between the premium she'd paid for BUPA Care for the policy years 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020 and 2020/21 with what she would've paid for Essential Care for the same policy years. From the information provided by BUPA, this totals around £6,380.

BUPA should also pay Ms C simple interest at a rate of 8% per year from the date on which Ms C paid each premium to the date on which BUPA reimburses her.

If BUPA considers it's required by HM Revenue & Customs to take off income tax from any interest paid, it should tell Ms C how much it's taken off. It should also give her a certificate showing this if asked for one. That way tax from HM Revenue & Customs, can be reclaimed if appropriate.

### **My final decision**

I uphold Ms C's complaint and 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 Ms C to accept or reject my decision before 16 March 2023.

David Curtis-Johnson  
**Ombudsman**