

## **The complaint**

Mr M and Mrs T are unhappy that Switch Health Limited mis-sold them a private medical insurance policy.

## **What happened**

Mr M and Mrs T (and their son) had the benefit of a group private medical insurance policy (underwritten by an insurer I'll refer to as 'A1') through Mrs T's employer - up until Mrs T left her employment in 2020.

At the same time as making enquiries with A1 about continuing cover with them on the basis that medical history will be disregarded and a new business quote, Mrs T contacted Switch Health about other options available.

After asking Mrs T questions about her and her family's medical history during an initial call, Switch Health found a medical insurance policy underwritten by an insurer I'll refer to as 'A2'. Some of the features were discussed with Mrs T during a second call, such as the price and main benefits. Mrs T was informed that no exclusions would be included.

Later in the second call, Switch Health's representative asked some further 'risk filter questions' about Mrs T's and her family's health – which were similar to the questions asked during the initial call. This time, Mrs T declared that her son had been in hospital overnight earlier in 2020 with croup. However, he was discharged the next day without medication. The representative said they'd add it to the list of medical conditions.

Mr M and Mrs T ended up buying the policy underwritten by A2. However, it transpired that on inception of the policy, A2 included an exclusion that they'd be no benefit payable for any investigations and treatment relating to Mr M and Mrs T's son's croup.

Mr M and Mrs T then switched to a medical insurance policy underwritten by A1 in 2021, again on a continuation basis, via Switch Health. During the period of this policy, Mr M and Mrs T's son required treatment for croup. It was then they became aware of the exclusion that was added in 2020 by A2 - which was also carried over and added by A1 in 2021 when switching cover – as treatment wasn't covered.

Mr M and Mrs T complained to Switch Health. Switch Health said they made clients aware of any possible exclusions over the phone wherever possible and they didn't do this here. So, they offered £300 to Mr M and Mrs T to cover the cost of the initial consultation in relation to their son's croup.

Unhappy, Mr M and Mrs T complained to our Service. Our investigator concluded that Switch Health's offer was fair and didn't recommend anything else needed to be done in this case. Mr M and Mrs T disagreed so this complaint has been passed to me to consider everything afresh to decide.

## **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.

Switch Health recommended the policy underwritten by A2 to Mr M and Mrs T. So, it had an obligation to ensure that it was suitable for their family's needs. It also had an obligation to ensure that Mr M and Mrs T were given clear, fair and not misleading information about the main terms of the policy.

Even if I concluded that the croup exclusion added for Mr M and Mrs T's son meant that the policy underwritten by A2 in 2020 may not be entirely suitable for their family's needs – I have to consider what's most likely to have happened if they were advised of this before entering into the policy. And, also, what if they'd been told about the croup exclusion.

Mr M and Mrs T say they probably would've taken a policy underwritten by A1 as they would've continued to be covered on the basis that medical history would be disregarded. Mrs T says that she's more recently contacted A1, and it's confirmed that it would've offered Mr M and Mrs T (and their son) continuation of cover at the time, without any exclusion for croup. As there had been no ongoing investigation for croup, it's a common childhood illness and there had been no claims made on the group policy for croup, the premium wouldn't have increased just because croup had been declared. This seems plausible and I'm prepared to accept what Mrs T says about this.

However, Mrs T has also said that A1 hasn't been able to confirm what premium she would've been quoted by A1 when transferring from a group policy to a personal policy on a continuation basis, disregarding medical history.

During a call with Switch Health's representative in September 2020, she's asked whether she's received a quote from A1 and she says A1 had tried to call her, but she hadn't yet returned the call. She also says that she believes any quote would be higher than the one Switch Health had quoted for the policy underwritten by A2. I'm satisfied this was within the budget she'd set during the initial call.

In my experience, switching from a group medical insurance policy to a personal medical insurance policy on a continuation basis, with the same underwriter, does usually result in a higher premium being paid. And although the premium paid for the policy taken out in 2021 – underwritten by A1 – is not much more than the premium Mrs T was paying for her family to have the benefit of the group policy (also underwritten by A1), that doesn't mean the premium would've been similar in 2020 had she continued with a personal insurance policy then. There are many variables and the price quoted in 2021 was based on switching from A2 then. So, on the balance of probabilities, I'm not persuaded a policy with A1 would've been cheaper in 2020.

There's also nothing to support that there would've been another private health insurance policy at the time which Switch Health could've offered Mr M and Mrs T if it had checked with A2 in 2020 whether the information provided by Mrs T about her son's croup made a difference to the terms that had been offered before being aware of that information. So, I've thought very carefully about whether Mr M and Mrs T would've still proceeded with the policy underwritten by A2 if they'd been advised about possible croup exclusion and been given information about this by Switch Health over the phone (which it accepts it should've in this case).

Mr M and Mrs T were happy with the other features of the policy sold to them (including the price which from listening to the calls seems to have been an important factor) they'd agreed to take it out. And any issues relating to their son's other pre-existing medical issues were covered under the policy.

So, on the balance of probabilities, I think it's likely they would've still decided to take out the policy with A2. Of course, I don't know for sure what they would've done. But Mrs T did say during a phone call with Switch Health's representative that her son had a short overnight stay in hospital for croup which didn't require any medication. That was around nine months before taking out the policy and there had been no other episode between then and the policy being sold, otherwise Mrs T would've disclosed that too. Mrs T hadn't disclosed croup in the initial call when answering questions, so the incident doesn't seem to have been at the forefront of her mind. So, I don't think the addition of the croup exclusion would've prevented them from taking out the policy. Particularly as the membership guide says that the exclusion can be reviewed at Mr M and Mrs T's request from October 2022 – such a review would involve the submission of an up-to-date and relevant medical report.

I know that their son did have further episodes from later in 2021, and ended up needing treatment but I'm focussing on what Mr M and Mrs T would've most likely done in September 2020 based on the circumstances they were aware of then.

However, I accept that they would've been upset to subsequently discover that an exclusion for croup had been added the policy, despite Switch Health's representative advising in 2020 that the policy didn't have any exclusions – and the inconvenience caused by having to find out how this happened. But I'm satisfied that the offer made by Switch Health to pay them £300 fairly compensates them for that.

### **Putting things right**

Switch Health Limited has already made an offer to pay £300 to settle the complaint and I think this offer is fair and reasonable in all the circumstances.

I direct Switch Health to pay Mr M and Mrs T £300 compensation for distress and inconvenience.

### **My final decision**

I partially uphold this complaint to the extent set out above. Switch Health Limited should put things as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs T to accept or reject my decision before 1 June 2023.

David Curtis-Johnson  
**Ombudsman**