

## **The complaint**

Mrs J complains that Usay Business Limited, trading as Usay Compare, mis-sold her a private medical insurance policy.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them again here in full. In summary, Mrs J had private medical insurance with a provider I'll refer to as 'B'. In March 2023, B sent Mrs J a renewal notification which showed a monthly premium of £629.88 (£7,558.56 annually).

In April 2023, Usay contacted Mrs J about the renewal of her private medical insurance policy. Mrs J was unhappy about the increase in premium for her policy with B. She told Usay that she was willing to change provider if she could pay a lower premium and retain access to her preferred hospitals and consultants.

In April 2023, Usay recommended a new provider I'll refer to as 'A' at a cost of £424.23 a month (£5,090.76 annually). Mrs J accepted Usay's recommendation and the policy with A started on 30 April 2023.

In August 2023, Mrs J made a claim against her policy and discovered that her preferred hospitals weren't available to her. She complained to Usay.

In response to Mrs J's complaint, Usay said that the policy it recommended didn't satisfy Mrs J's requirement for her preferred hospitals and consultants. It arranged a mid-term adjustment with A in October 2023 for a premium of £636.43 a month. That was an increase of £212.20 a month. The adjustment meant that Mrs J had access to her preferred hospitals and consultants. Usay also offered Mrs J compensation of £300. Mrs J didn't think that was sufficient and pursued her complaint.

Mrs J wants Usay to meet the additional costs of a suitable policy or to reinstate her previous policy with B at the premium B quoted in March 2023 (629.88). She also wants compensation of £750.

In response to notification of Mrs J's complaint from this service, Usay temporarily increased its offer of compensation to £500. Mrs J didn't think that was sufficient.

One of our investigators looked at what had happened. She said that Usay's recommendation wasn't suitable for Mrs J, as it didn't provide cover for her preferred hospitals and consultants. The investigator said that Mrs J now has a policy that's more expensive than her old policy. She said that Mrs J had the inconvenience of changing providers and sorting out the error. The investigator thought that compensation of £500 was appropriate in this case.

Usay accepted the investigator's recommendation but Mrs J didn't. She said that the investigator's recommendation didn't address the long-term impact of Usay's mis-selling. Mrs J said that she wouldn't have considered leaving her previous provider unless she

could secure a cheaper premium and at least some aspects of the same cover, especially her preferred hospitals and consultants. Mrs J said that her loss is the difference between the premium Usay recommended initially and the cost of a suitable policy following the mid-term adjustment. She calculated that at £2,547 a year.

Mrs J said that as a result of Usay's mis-selling, she is faced with changing her policy again. She isn't happy with the level of service she's received from A. Mrs J said that a competent broker should be aware of a provider's shortcomings.

The investigator considered what Mrs J said. She said that Mrs J's loss isn't £2,547 a year because the policy recommended by Usay wasn't suitable for her. The investigator said that the relevant comparison is the premium for Mrs J's previous policy with B and the premium with A after the mid-term adjustment.

Mrs J responded to say that she wasn't aware of Usay's mis-selling until she attempted to make her first claim. She doesn't accept that there wasn't a suitable policy for a premium that was £2,000 lower than the one she was paying B. Mrs J said that she had to pay £2,547 more a year than the premium Usay quoted. She asked that an ombudsman consider her complaint, so it was passed to me 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.

The sale of the policy to Mrs J in March 2023 was an advised sale, so Usay had a duty to ensure the policy was right for Mrs J. It's common ground that Usay made a recommendation that wasn't suitable for Mrs J in that it didn't cover her preferred hospitals and consultants. The remaining issue for me to decide is what steps Usay should take to put that right.

When mistakes like this happen, we look at the effect of the error on the individual concerned and look at what needs to occur to put the consumer in the position she would have been in but for the error. In Mrs J's case, if Usay hadn't given her unsuitable advice she would have remained with her previous provider, B. It's not possible to reinstate her previous policy with B. B isn't a party to this complaint and has no obligation to reinstate Mrs J's previous policy.

As a result of Usay's advice, Mrs J didn't have the cover she required from April to October 2023. And from October 2023 she paid £636.43 a month rather than the £629.88 she would have paid if she'd remained with B, so £6.55 more a month.

Mrs J wants Usay to provide cover which includes her preferred hospitals and consultants for the premium it originally quoted. I don't think it's fair and reasonable to direct Usay to compensate Mrs J on that basis. That's because a policy which provides cover for Mrs J's preferred hospitals and consultants was never available for the premium Usay quoted.

We've asked Mrs J whether she self-funded treatment at her preferred hospitals or with her preferred consultants before the mid-term adjustment. Mrs J said that A settled a claim she made in relation to treatment in July 2023 and that it subsequently declined claims for reasons unconnected with the cover for her preferred hospitals and consultants. Based on what I've seen, I think that Mrs J's financial loss is limited to the small increase in her premium with A for the remainder of the policy year following the mid-term adjustment, compared with the premium she would have paid with B.

Usay isn't responsible for the service provided by A. I don't agree that Usay was at fault in recommending A as a provider. If Mrs J is dissatisfied with the service from A, she should complaint to A about that in the first instance.

I think that Usay's unsuitable recommendation caused Mrs J distress and inconvenience. She was no doubt upset to discover that she didn't have the cover she'd asked for and had the inconvenience of sorting out this matter.

Considering everything, I think that Usay should pay Mrs J £500 in relation to her distress and inconvenience arising out of its unsuitable recommendation and the slight overall increase in premium she has had to pay following Usay's recommendation. In reaching that view, I've taken into account the nature, extent and duration of the distress and inconvenience caused by Usay's error in this case.

### **Putting things right**

In order to put things right, Usay should pay Mrs J compensation of £500.

### **My final decision**

My final decision is that I uphold this complaint. Usay Business Limited trading as Usay Compare should now take the step I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 1 March 2024.

Louise Povey  
**Ombudsman**