

The complaint

Mr and Mrs M complain about the price BUPA Insurance Limited has quoted for them to take out a personal, continuation, private medical insurance policy.

What happened

The background to this complaint is well-known to both parties. So I've simply set out a summary of what I think are the key events.

Mr and Mrs M held a personal private medical insurance policy with BUPA. Unfortunately, during the life of the policy, Mrs M was diagnosed with cancer and underwent private treatment, which was covered by BUPA.

In 2015, Mr M decided to join his employer's corporate healthcare trust scheme, which was also provided by BUPA. In 2017, he transferred Mrs M to the corporate scheme, too. He says he was told by BUPA at that point that should he leave the employer's scheme, he and Mrs M would be able to take out personal continuous cover.

Mrs M required further cancer treatment in 2018, which was covered by the corporate scheme.

Subsequently, in April 2023, Mr M contacted BUPA to obtain a quote for a new personal policy to cover him and Mrs M. While BUPA initially said it couldn't provide a quote unless Mr M had a confirmed exit date from the corporate scheme, it did later provide Mr M with an indicative price. It quoted a monthly premium of around £1200, inclusive of a 65% no-claims discount (NCD). The NCD would drop during the life of the policy according to any claims which were made on it.

Mr and Mrs M were very unhappy with the premium quotation. They felt it was extremely likely that Mrs M would need future treatment. So they were concerned about the rapid drop in the applicable NCD level and the associated impact this would have on the price of the policy. They had real concerns that the policy would become unaffordable for them, which they felt would lead to Mrs M being unable to access the private care she needed.

Instead, Mr and Mrs M considered that BUPA should treat the 'new' personal policy as a continuation of their previous personal policy and that premiums should be calculated according to the price they'd paid before joining Mr M's employer's scheme. They felt that this would lead to a significant reduction in the premium they'd been quoted. They also thought that BUPA should have explained the potential impact on policy prices if they moved from their original personal policy to the corporate scheme and then subsequently chose to take out new personal cover.

However, BUPA maintained its stance and so Mr and Mrs M asked us to look into their complaint.

Our investigator didn't think Mr and Mrs M's complaint should be upheld. Briefly, he said that it was for BUPA to decide what risks it did and didn't want to cover and what price it should

charge for doing so. He didn't think there was evidence that BUPA had treated Mr and Mrs M unfairly and he was satisfied that the cover it offered was continuous

Mr and Mrs M disagreed and so the complaint's been 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.

Having done so, whilst I'm very sorry to disappoint Mr and Mrs M, I think BUPA has treated them fairly and I'll explain why.

First, I'd like to reassure Mr and Mrs M that while I've summarised the background to their complaint and their submissions to us, I've carefully considered all that's been said and sent. But this decision focuses on what I think are the key issues.

It might be helpful if I explain how we look at complaints like Mr and Mrs M's. We don't generally tell insurers how they should calculate risk or what price they can charge to cover that risk. BUPA's entitled to decide whether or not it wants to offer insurance cover for a particular risk (in this case, claims relating to Mr and Mrs M's health). And if it does, what price it needs to charge for that.

So BUPA will have assessed the risk of Mr and Mrs M needing to make a claim when they initially took out their first personal policy and then at each yearly renewal afterwards, while that policy was live. For the last few years, Mr and Mrs M have been covered by the corporate scheme, rather than under a regulated contract of insurance. As Mr and Mrs M have now requested a quote for a new, personal policy, BUPA assessed the risk of them needing to make a claim in line with its group leaver underwriting criteria in order to calculate the price.

It's clear that the price of the new quote is substantially higher than the price Mr and Mrs M were paying for their original personal private medical insurance policy. I can understand why Mr and Mrs M may have concerns that BUPA isn't treating them fairly. But BUPA isn't obliged to offer Mr and Mrs M a new policy based on the premium they paid for personal cover several years beforehand. Instead, if BUPA thinks the risk has gone up (for example, because the risk-profile has increased or because health care costs have gone up), then it may need to put up the premium. So in complaints like these, what I look at are the factors the insurer has applied to calculate the premium and whether it's done so fairly. This is so that I can be satisfied that Mr and Mrs M have been treated in the same way as any other BUPA customer in similar circumstances and haven't been singled out in any way.

BUPA has provided me with commercially sensitive, actuarial information to show how its premium quotation was calculated. I'm afraid that I'm unable to share this information with Mr and Mrs M because it's confidential. I hope it reassures Mr and Mrs M to know that I have considered this evidence carefully.

What I can tell Mr and Mrs M is that I'm satisfied that BUPA calculated the premium quotation in line with its underwriting criteria for corporate scheme leavers. Based on the evidence I've seen; I find that BUPA treated Mr and Mrs M in the same way it would have treated any of its other customers in a similar situation to their own. This means I don't think BUPA has singled Mr and Mrs M out in any way or calculated their premium unfairly.

I appreciate Mr and Mrs M don't agree that BUPA has provided them with continuous cover, given the difference in price between the new quote and their old personal policy. But as I've

explained, BUPA isn't obliged to offer Mr and Mrs M cover for the same price they paid before. When a policyholder takes out a new personal private medical insurance policy, most, if not all, insurers will exclude any medical conditions a policyholder already has. Continuous cover means that BUPA will continue to insure any medical conditions a policyholder was covered for under the terms of a personal policy or group scheme. It's clear that in this case, Mr and Mrs M's existing medical conditions would continue to be covered were they to leave the corporate scheme and take out a 'new' policy with BUPA. So I'm satisfied that BUPA has offered them continuous cover.

It's also clear that Mr and Mrs M feel that BUPA ought to have highlighted the possibility that if they moved from their personal policy to a group scheme but later decided to take out new cover, premiums could be substantially higher. I've thought about this carefully. But BUPA didn't advise Mr and Mrs M to move to the group scheme. And I don't think it could have been expected to foresee rises in inflation; in medical costs and potential changes to individual risk profiles. So I don't think it's made any error here which I could reasonably tell it to put right.

I do have a great deal of sympathy with Mr and Mrs M's position. It's clear how important ensuring Mrs M retains private medical care is to them and I understand this matter has caused them a great deal of worry. I know my decision will be upsetting to them. But I have to be fair and reasonable to both parties. And based on the available evidence; I simply don't think I could find that BUPA has treated Mr and Mrs M unfairly.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 18 March 2024.

Lisa Barham
Ombudsman