

The complaint

Mrs J complains that Medicash Health Benefits Limited (Medicash) has unfairly cancelled a policy she held with it and showed discrimination when it offered her an alternate policy.

What happened

Mrs J had a policy with Medicash which pays cash sums towards various medical costs, including optician and dental costs for her and her family.

Over a number of years Mrs J made a series of claims which Medicash accepted and paid. In mid-2023 Medicash wrote to Mrs J and said, in summary, that the level of claims Mrs J had made meant it could no longer continue to provide the same policy. Instead it offered her an alternate policy which didn't provide as much cover. If Mrs J didn't want that then it said it would cancel her current policy a month later.

The policy was cancelled and Mrs J complained. She says Medicash promoted itself as providing cover and giving her peace of mind about everyday healthcare for herself and her children. She thought it unfair for it to withdraw her cover just because she'd used the policy as it was intended. Mrs J acknowledged that she had pre-existing conditions and she'd claimed for treatments she received in respect of these. But she pointed out that Medicash didn't ask for information about pre-existing conditions when she bought the policy.

Finally Mrs J says Medicash had shown discrimination by offering her an alternate policy not available to the general public.

Medicash said it had reviewed Mrs J's claims history and reluctantly decided it couldn't continue covering her given the number and value of claims over the previous years. It didn't dispute that the claims were valid, but explained that the terms and conditions of the policy allowed it to withdraw cover at any time with 28 days' notice. It said it had complied with this. It went on to explain that the reason the alternate policy wasn't available to the general public was that it was one designed for customers with a history of claims such as Mrs J's.

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.

I'm not going to uphold this complaint. I know this will disappoint Mrs J so I'll explain my thinking.

Insurers offer their products on a commercial basis, and the level of risk – that is the likelihood of making payment – is a normal part of deciding whether an insurer is prepared to offer cover and at what level and/or cost. It isn't appropriate for me to challenge that decision making process.

Instead I must decide whether Medicash treated Mrs J fairly – in other words did it act within the terms and conditions of the policy when it decided to withdraw her existing cover. I think

it did. The terms and conditions do say that cover can be withdrawn at any time with 28 days' notice and Medicash provided about 31 days' notice when it wrote to Mrs J.

It explained why it was withdrawing cover – which was, essentially, that it was costing Medicash too much. There's no suggestion Mrs J was doing anything wrong. It seems reasonable to me (even if that's disappointing for Mrs J) that Medicash could make a decision to withdraw services for such a reason.

With regard to the comments Mrs J has made about discrimination, I haven't seen any evidence of this. Medicash didn't need to offer Mrs J an alternate policy. Nor is there any fundamental reason why it shouldn't offer her a policy not normally available to the general public. Medicash says it only offers the particular policy it suggested to customers with a similar claims history to Mrs J's. I can see why that wouldn't be offered generally as it requires some claims history that Medicash wouldn't generally have for a new customer.

Mrs J says that if she'd been offered a policy more generally available she might have been able to find one that suited her better. From what Medicare said it doesn't seem it would have agreed to insure her on any other policy. That's a decision Medicare is entitled to make. And Medicash didn't insist Mrs J buy the offered alternate policy, so she was free to shop around with other providers.

Taking everything into account I'm not persuaded Medicash treated Mrs J unfairly or discriminated against her when it offered an alternate policy.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 22 April 2024.

Susan Peters
Ombudsman