

## **The complaint**

Mr P complains about the price BUPA Insurance Limited has charged him for a personal 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 main events.

Mr P has held a BUPA By You personal private medical insurance policy for some years. The policy was due to renew on 1 June 2024 and Mr P's renewal documents said he'd be paying a monthly premium of around £1232.

In mid-May 2024, Mr P called BUPA to let it know that he was planning to move. BUPA's call handler wrongly told Mr P that his premium wouldn't be affected until the following year. Later that month, Mr P called BUPA to update his address details.

However, in June 2024, BUPA collected total payments of around £1385 from Mr P's account, via two debits. So Mr P contacted BUPA to find out why he'd paid more than he'd expected to.

BUPA acknowledged that its call handler had wrongly told Mr P that his premium wouldn't be affected by his address change until the next year. And it told Mr P that his new correct monthly premium was £1385 for the 2024-25 policy year. It apologised for its call handler's mistake; paid Mr P £150 compensation and extended the policy cooling-off period for a further two weeks to allow Mr P to decide whether or not he wanted to continue with the cover.

Mr P was unhappy with BUPA's offer and he asked us to look into his complaint.

Our investigator didn't think Mr P's complaint should be upheld. Briefly, he explained that we're not able to tell BUPA how it should assess risk or what price it should charge to cover that risk. But he was satisfied that BUPA had shown that the change in premium was down to the change in Mr P's address. He thought BUPA had shown it would have treated any other policyholder in Mr P's circumstances in the same way.

The investigator did agree that BUPA had wrongly told Mr P that the change in address wouldn't affect his premium until the following year. But he didn't think it would be fair or reasonable to conclude that BUPA was bound to charge the lower premium. And he thought the compensation BUPA had paid Mr P, together with its extension of the cooling-off period, was a fair way to put right its errors.

Mr P disagreed and I've summarised his response. In brief, he felt he'd entered into a binding contract with BUPA. He didn't think the approach our investigator had taken was fair and he felt it favoured financial businesses. He also considered that the investigator had failed to take into account BUPA's failure to notify him that it would be deducting the additional premium amount from his account. And he considered that the extension of the

cooling-off period had been insufficient, given he'd been waiting for us to reach an outcome on his complaint before he took any further action.

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 sorry to disappoint Mr P, I think BUPA has already settled his complaint fairly and I'll explain why.

First, I'd like to reassure Mr P that while I've summarised the background to his complaint and his submissions to us, I've carefully considered all he's told us. Within this decision though, I haven't commented on each point he's raised and nor do our rules require me to. Instead, I've focused on what I think are the key issues.

First, I must make clear our role. We're independent and impartial of both financial businesses and consumers. We consider what's fair and reasonable in the specific circumstances of each individual complaint to decide whether we think a financial business has done something wrong that's caused a consumer to lose out or suffer material distress and inconvenience. And, if we think it has, we'll decide what we think is the fair way for the financial business to put things right. But as the investigator explained, we're not the industry regulator and isn't our role to fine or punish the businesses we cover.

#### *Has BUPA shown it was fair to change the price?*

It might be helpful if I explain how we look at complaints like Mr P'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 P and his family's health). And if it does, what price it needs to charge for that.

So BUPA will have assessed the risk of Mr P and his family needing to make a claim when they first joined the BUPA By You scheme and then at each yearly renewal afterwards. If it 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 Mr P has been treated in the same way as any other BUPA customer in similar circumstances and that he hasn't been singled out in any way.

It's clear that following the change to Mr P's address, his premium increased by around £153 per month. BUPA has provided me with commercially sensitive, confidential information to show me how the change in Mr P's address affected the price of his policy. I'm afraid that I'm unable to share this information with Mr P, but I hope it reassures him to know that I have considered this evidence carefully.

What I am able to tell Mr P though is that BUPA has shown that the change in address did affect its overall view of the risk it was insuring. And it was this change in risk which caused an increase in the policy premium.

Based on what I've seen, I'm satisfied BUPA's treated Mr P in the same way it would treat

any other policyholder who held a BUPA By You policy in similar circumstances to his own when it increased the premium. So I can't reasonably find that it's singled him out unfairly

*Has BUPA offered fair compensation for its errors?*

It seems Mr P has two main concerns. Firstly, he believes that he entered into a contract with BUPA to provide cover for the 2024-25 policy year at the lower price. And secondly, that it acted unfairly when it simply debited an additional amount from his account in June 2024 to cover the additional cost of that month's cover.

BUPA accepts that in mid-May 2024, its call handler made a mistake when it told Mr P that changing his address wouldn't affect the premium until the following year. I can entirely understand why Mr P reasonably understood at that point that his monthly premium would be the price quoted on the renewal documents. And I don't doubt how disappointing and worrying it was for Mr P when not only was an additional amount debited, he also learned that the total monthly premium was around £153 higher than he'd been expecting.

I appreciate Mr P believes he entered into a contract with BUPA to only pay the lower premium. But even if this was the case, whilst I have regard to the law, I must make my decision based on what I consider to be fair and reasonable in all the circumstances. And in this case, I don't think it would be fair for me to conclude that BUPA is contractually bound by its call handler's error. Therefore, I don't find that the fair remedy here is for BUPA to make its call handler's misrepresentation true. Accordingly, I don't think I could reasonably direct BUPA to honour the lower quoted premium until the expiry of the policy year in May 2025, as I'll explore.

Mr P clearly suffered a loss of expectation as a result of BUPA's misinformation. I understand Mr P said if he'd been made aware of the true position, he'd have looked elsewhere for cover. I've considered then whether I think he's been prejudiced by BUPA's actions. And I don't think I could fairly find he has. That's because even when BUPA extended Mr P's cooling-off period, which gave him the chance to make changes or obtain a premium refund if he cancelled the contract, he didn't do so. And I've seen no persuasive evidence to suggest he looked into obtaining alternative cover elsewhere. As such, I think, on balance, it's more likely than not that Mr P would have continued with the cover even if a misrepresentation hadn't been made.

And, as I've said, given the change in Mr P's address, BUPA's view of the risk changed and the cost of the policy went up. I think BUPA was reasonably entitled to charge the actual cost of providing the cover.

I do accept that it seems Mr P wasn't expecting a second payment amount to be taken from his account and I think BUPA could have done more to warn him about this. But I don't agree that BUPA didn't have the authority to debit the money from Mr P's account given he'd provided it with a direct debit mandate which authorised it to debit his premiums from that account. And I'm mindful that following the change in Mr P's address on 31 May 2024, BUPA does appear to have sent him a revised payment schedule, which set out the higher monthly premium amount due, along with an additional amount of around £153 which was to be debited in mid-June 2024.

So I need to decide what I think is a fair way for BUPA to have put things right for its acknowledged mistakes. And in my view, BUPA's already settled Mr P's complaint fairly. I think the compensation award of £150 it's already paid him is a fair, reasonable and proportionate award to reflect what I consider to be the likely impact of its mistakes on him. I note it's offered Mr P an apology and said it will provide further training to its staff. I find this to be a reasonable response from BUPA.

As I set out above, BUPA extended the applicable policy cooling-off period to give Mr P a chance to decide whether or not to continue with the cover. I appreciate Mr P feels this was of little benefit to him given it expired before our service reached its initial assessment of his complaint. But it was open to Mr P to explore options for amending his cover with BUPA and to cancel the policy during the extended period, while we were looking into his original complaint. And I don't think BUPA was bound to offer any additional extension.

Overall, I sympathise with Mr P's position and I appreciate how strongly he feels about this matter. But I'm satisfied that BUPA has settled this complaint fairly. And I'm not telling it to do anything more.

### **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 P to accept or reject my decision before 27 November 2024.

Lisa Barham  
**Ombudsman**