

The complaint

Mr H has complained that BUPA Insurance Limited increased the cost of his private medical insurance (PMI) policy by a large amount at renewal.

What happened

Mr H's PMI covers himself and the rest of his family. His renewal quote for 2024 has increased by about 41%, meaning he would have to pay an additional £736 per year.

Our investigator didn't think BUPA had done anything wrong by increasing its premium price. Mr H disagrees and so the complaint has been passed to me for a decision.

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.

Mr H's premium has gone up a considerable amount and so it's not surprising that he's dissatisfied with the increase. He says he can't take out a new policy elsewhere as that would mean his family's pre-existing medical conditions would no longer be covered. He thinks BUPA is playing on that fact to impose higher costs, knowing that its customers are trapped.

Insurers are entitled to decide what risks they are willing to cover, and what it charges for the cost of that cover, as long as it exercises its judgement fairly and consistently and in accordance with its internal guidelines. This service wouldn't normally get involved with how they calculate risk or their premium pricing structures.

What I can look is whether BUPA has treated Mr H fairly and reasonably. An important consideration of that is whether it has singled him out for additional costs or whether it has applied its increases consistently across other policyholders in a similar position.

Mr H received one month free during the previous year. Taking that into account, the 2024 increase isn't as great as it first appears and brings it down to about 30%.

He says that inflation was never anywhere near 30%. However, BUPA did explain in its final response letter that healthcare costs increase faster than general inflation each year because the cost of medical treatment rises quicker than everyday goods and services.

BUPA provided Mr H with a breakdown summary of the increase, an explanation that he considers to be fairly meaningless. I can understand why he feels that way as it is a high-level overview without much detail to justify the scheme's base rate increase.

BUPA has provided us with the calculations that sit behind that summary. As it's commercially sensitive, actuarial information, I'm afraid that I'm unable to share it with him. Having reviewed the calculations for the premium increases at renewal, I'm satisfied that

they have been calculated fairly and in line with the terms and conditions of the policy. The no claims bonus has also been applied in line with the scale outlined in the policy.

I haven't seen anything which shows that Mr H has been treated differently or unfairly.

I sympathise with Mr H's situation. The premiums have increased a great deal and I appreciate what he's said about being tied to BUPA due to his family's pre-existing medical conditions. However, I'm unable to conclude that BUPA has done anything wrong in Mr H's case as the increase has also been applied to other similar policyholders. It follows that I do not uphold the complaint.

My final decision

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 28 March 2025.

Carole Clark
Ombudsman