

## The complaint

Mrs B is unhappy about the premium increase in relation to her private medical insurance policy with BUPA Insurance Limited (BUPA).

## What happened

Mrs B has a private medical insurance policy with BUPA which is renewed annually. BUPA is the underwriter.

In February 2024, she contacted BUPA about the premium increase at renewal. She said the impact of the claims made on the policy have affected her No Claims Discount (NCD) and the renewal premium.

BUPA explained that the premium had increased due to a number of factors. It provided options in terms of reducing the premium by reducing the benefits on the policy or increasing the excess. BUPA offered one month free for the policy year 2022-2023 as it accepted that it could have advised Mrs B that the renewal premium would also be affected by the claims made on her policy.

Mrs B brought the complaint to this service. Our investigator didn't uphold the complaint and didn't think BUPA had increased the premiums unfairly.

As an agreement couldn't be reached, the complaint was passed to me.

I issued a provisional decision on 30 December 2024 to both parties. I said the following:

*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, my intention is not to uphold the complaint.*

*As this complaint relates to premium pricing, I will be looking at whether BUPA increased Mrs B's premiums in line with how it increases premiums for other customers in similar situations.*

*I note that Mrs B made a separate complaint to BUPA about claims she made on her policy in the year 2022-2023. BUPA accepted that errors had occurred in relation to claims being authorised and adjustments were made for these. BUPA paid Mrs B compensation for its errors and paid some claims. Whilst I can't comment on this complaint, I understand that the claims being paid resulted in the premium increase at renewal. This is the complaint I will be looking at.*

*Each policy year is a new contract between the parties. The membership handbook sets out that premiums for this type of cover tend to increase every year and that the reasons for that include the policyholder's increased age, the increasing cost of medical treatment and the number of claims made in the year. The handbook also explains how claims affect the NCD.*

*The central question for me to decide is whether BUPA acted fairly and reasonably in its*

*pricing of Mrs B's premiums for the policy year 2022-2023.*

*Given the increase in Mrs B's renewal premium, I can understand her concerns. So, I should start by saying that the Financial Ombudsman Service doesn't set the rules on how an insurer can price complaints. It's up to an insurer to decide how much to charge for its policies so long as it exercises its judgement fairly and consistently and in accordance with its internal guidelines.*

*And the Financial Conduct Authority (FCA) doesn't regulate the prices an insurer charges or the methods used to calculate a price. So, I can't make any comment on the way an insurer chooses to assess a risk or the premium it charges to cover a certain risk. But I can check whether BUPA has applied any terms fairly and also that it hasn't treated Mrs B unfairly compared to others in the same position.*

*Insurers consider many factors when setting premiums. When deciding how much to charge for their policies they will assess the likelihood of a policyholder making a claim and how much they might have to pay out for those claims. And each insurer will go about that in its own way. It's for BUPA to decide which factors it wishes to take into account. Age, healthcare costs and claims made in the last year are some of the factors are mentioned in the policy handbook.*

*BUPA has explained that it takes into account a number of factors when looking at premiums including age, healthcare costs, level of cover and claims.*

*BUPA has provided an explanation of how its premiums were priced. I've checked the criteria applied by BUPA. And I haven't seen anything to indicate that Mrs B was treated less favourably than other policyholders in the same position. So, I don't think it's done anything wrong here.*

*I can't ask BUPA to share commercially sensitive information. But I have seen and checked the information and calculations it has provided for the premium increases. I haven't seen anything which shows that Mrs B has been treated differently or unfairly.*

*I realise the crux of the issue here is that Mrs B thinks the premium has increased due to BUPA authorising claims when it shouldn't have. As I've already said, the issue about the claims and whether they were authorised correctly has already been addressed in the previous complaint so I can't comment on this. I'm only looking at whether I think BUPA has applied the premium fairly. Having done so, as explained above, I think BUPA has calculated the premium fairly.*

*There has been an impact on the premium due to the claims being paid in the policy year. And this isn't unusual.*

*I agree that the premium has increased on Mrs B's policy but having looked at everything, I don't think this has been done outside the policy terms and conditions and I don't think Mrs B has been treated differently. It's open to Mrs B to decline the renewal quotes and look for another policy provider. I do understand the difficulty of doing that in Mrs B's particular case. But it remains the case that she's not obliged to take up the renewal quotes.*

*BUPA offered to pay for one month of the premium so effectively Mrs B received one month's free for the policy year 2022-2023. This was because BUPA said it could have explained to Mrs B that any claims paid would affect the premium on renewal. I think this is fair in the circumstances and it means Mrs B will pay 11 months of premiums for the year, instead of 12 months.*

*Overall, I don't think BUPA has treated Mrs B unfairly.*

*I now invite both parties to give me any additional information they would like me to consider before 13 January 2025.*

Mrs B didn't provide a response to my provisional decision.

BUPA responded and said it had nothing further to add.

### **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, as I received no further comments for me to consider, I see no reason to depart from the outcome reached in my provisional decision.

Overall, taking everything into account and in the circumstances of this complaint, I don't think BUPA treated Mrs B unfairly. It follows therefore that I don't require BUPA to do anything further.

### **My final decision**

For the reasons given above, I don't uphold Mrs B's complaint about BUPA Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 11 February 2025.

Nimisha Radia  
**Ombudsman**