

The complaint

Miss B complains that Usay Business Limited trading as Usay Compare mis-sold her a private medical insurance policy.

What happened

Miss B wanted to take out a private medical insurance policy. Usay recommended a policy which they said was suitable for her. A random quality review identified that Miss B had been sold an unsuitable policy.

Usay tried to contact Miss B but were unable to do so. She subsequently claimed on the policy and realised that she was unable to access treatment in the area she lived in. Miss B accessed treatment via the NHS instead and complained to Usay.

Usay acknowledged that the policy wasn't suitable for Miss B as they failed to recommend a policy with a suitable hospital list. However, they noted the insurer had agreed to cover the treatment as an exception but Miss B had opted to use the NHS. They offered Miss B £300 compensation. Miss B complained to the Financial Ombudsman Service.

Our investigator looked into what happened and upheld the complaint. She thought Usay should also refund the premiums Miss B had paid and 8 % simple interest. However, she thought the £300 compensation was fair and reasonable.

Miss B accepted the investigator's recommendation, but Usay didn't. They asked an ombudsman to review the complaint. They didn't think it was fair to refund the premiums and highlighted that Miss B could have used the policy but chose NHS treatment. So the complaint was referred to me to make 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.

Usay recommended the policy to Miss B. The relevant rules and industry guidelines say that Usay had a responsibility to ensure it was suitable for her demands and needs. They also needed to give her information that was clear, fair and not misleading.

There's no dispute that Usay recommended a policy to Miss B that wasn't suitable for her. That's because the policy didn't have a suitable hospital list for her location. The key issue for me to decide is if it's fair and reasonable for the policy premiums to be refunded in addition to the compensation Usay has offered.

I'm upholding Miss B's complaint and I think Usay should refund the premiums in addition to paying Miss B compensation. I say that because:

- Usay did try to contact Miss B following the sale. But I think the correspondence could have made it clearer that there was a significant issue with the policy she'd

taken out. I think if this had been made clearer Miss B would have most likely contacted Usay to resolve the issue. Although Usay did try to contact Miss B by phone there's no clear or compelling evidence which indicates voicemails were left to explain the issue.

- Miss B hasn't used the policy and so she's not had the benefit of meaningful cover under the policy. The insurer did agree to allow her to use an out of network hospital when she needed to claim. However, Miss B decided to use the NHS and cancel the policy.
- Usay has posed some hypothetical scenarios which, they say, demonstrates why it's not fair to refund the premiums. I'm not persuaded by those arguments in the circumstances of this case. My role is to consider what did happen and determine this case on the facts presented. In the circumstances Miss B didn't make a successful claim under the policy. Therefore, I think it would be fair and reasonable for Usay to refund the premiums she's been paying for an unsuitable policy and 8% simple interest.
- It was disappointing for Miss B to discover that she'd been sold an unsuitable policy at a time when she wanted to use it. I accept this would have been worrying and frustrating particularly when she wanted to make a claim. She also chose to access NHS treatment when she reasonably thought she would have the benefit of private cover. Therefore, I think £300 fairly reflects the impact of the distress and inconvenience caused to Miss B.

Putting things right

I'm upholding this complaint and direct Usay Business Limited trading as Usay Compare to put things right by paying Miss B:

- A refund of the premiums she paid from inception until the point the policy was cancelled. They should also pay 8% simple interest on each instalment of the premiums. If Usay considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss B how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.
- £300 compensation for the distress and inconvenience caused to Miss B by the mis-selling of the policy.

My final decision

I'm upholding Miss B's complaint and direct Usay Business Limited trading as Usay Compare to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 25 March 2025.

Anna Wilshaw
Ombudsman