DRN-5728978

The complaint

Mr and Mrs P complain that BUPA Insurance Limited hasn't fairly explained how making a claim on their BUPA Health personal private medical insurance policy may affect their future premiums.

As Mr P brought the complaint to us, I've referred mainly to him throughout this decision.

What happened

The background to this complaint is well-known to both parties. So I've simply set out a summary of what I consider to be the main events.

Mr P has held a personal private medical insurance policy for many years. Previously, the policy included a Low Claims Bonus (LCB). Between 2016 and 2023, BUPA sent Mr P a premium breakdown to help him understand his annual premium, which included the LCB.

However, subsequently, BUPA switched from providing its policyholders with an LCB to offering a No Claims Discount (NCD). It said a policyholder's LCB was effectively 'frozen' and included in the policy base premium. At policy renewal in 2024, BUPA set Mr P's NCD at level 10 – a discount of 27%, as he hadn't made any claims during the 2023-24 policy year. It told Mr P that it would no longer be able to provide him with a premium breakdown in the same way it had previously done.

Mr P was unhappy with BUPA's position and he asked us to look into his complaint. In brief, he felt that BUPA had failed to comply with its regulatory obligations to communicate with him in a clear way. He considered it had failed to provide him with enough information to allow him to calculate the financial consequences of making a claim. And he wasn't persuaded that BUPA had shown it had fairly calculated his premium.

Our investigator didn't think Mr P's complaint should be upheld. She felt the evidence BUPA had provided showed that it hadn't treated Mr P unfairly when it calculated his premium. She was satisfied BUPA had taken Mr P's previously accrued LCB into account when it calculated the 2024 price.

Mr P disagreed and so 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 and Mrs P, I don't think BUPA has treated them unfairly and I'll explain why. In making my decision, I've taken into account relevant considerations, such as regulatory rules and principles, the policy terms and the available evidence.

First, I'd like to reassure Mr P that while I've summarised the background to this complaint and his detailed submissions to us, I've carefully considered all he's said and sent us. In this

decision though, I haven't commented on each point that's been raised and nor do our rules require me to. Instead, I've focused on what I think are the key issues.

It might be helpful if I explain how we look at complaints like Mr P's. We won'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 and Mrs P's health). And if it does, it's entitled to decide what price it needs to charge to cover that risk. Nor would we generally tell an insurer what discounts it should apply or direct an insurer to offer a particular type of discounted scheme. That's because we're not the industry regulator and we have no power to tell a financial business how to operate, what prices to charge or to change its policies or procedures. This means I'm satisfied that BUPA was reasonably entitled to take a commercial decision to switch from the former LCB scheme to an NCD scheme when calculating annual premiums.

What we are able to look at though is whether BUPA has treated Mr P in the same way it would have treated any of its other customers in the same circumstances and that it hasn't singled him out in any way.

The policy terms and conditions, which form the basis of the contract between Mr P and BUPA, includes a section called *'How does the No Claims Discount work?'* This section clearly explains the NCD scale and how any claims made during a policy year will affect the discount a policyholder may be entitled to at renewal. For example, the policy states that if no claims are made during a policy year, a policyholder will move up the NCD scale by one level and if a claim of over £1200 is made, they will move down the scale by two levels. I find this section of the policy sets out how the NCD works - and the potential impact of claims on the discount - in a clear, fair and not misleading way.

I'm satisfied that all policyholders insured under the BUPA Health scheme are now subject to an NCD rather than an LCB. I find too that each policyholder's NCD is calculated based on the value of any claims they've made in the preceding policy year, in line with the policy terms.

In this case, BUPA has provided us with evidence which shows how it calculated Mr P's premiums up to 2023 (including the annual LCB). And it's provided confidential evidence from its underwriting team which shows the LCB was included in Mr P's October 2024 'base' premium. Mr P's 2024 NCD was set at level 10 – a discount of 27%. BUPA says that Mr P's NCD was originally set at level 9 – but when the policy renewed, as Mr P hadn't made any claims during the 2023-24 policy year, he'd moved up the scale by one level – an increased 3% discount.

Based on the evidence I've seen, I find that BUPA's treated Mr P in the same way it would have treated any of its other customers in a similar situation to his own. Therefore, I'm satisfied it hasn't singled him out in any way. And I've seen no persuasive evidence that BUPA calculated Mr P's 2024 premium unfairly or unreasonably.

I appreciate Mr P would like a detailed breakdown of his 2024 premium from BUPA. I understand it's previously provided him with more detailed premium information. However, BUPA's underwriting principles and ratings are commercially sensitive and therefore, they're confidential. BUPA is under no obligation to share this information with Mr P and I don't think it's unfair for BUPA to choose to no longer provide such evidence. I'm satisfied BUPA has clearly explained the overall renewal price to Mr P, which included the NCD he received, and that it gave him enough clear information so he could decide whether or not he wanted to go ahead with renewal.

It's clear Mr P also feels that BUPA has failed to give him sufficient information about the

way the policy works to enable him to understand the future potential financial implications of making a claim. However, I wouldn't generally expect BUPA to be in a position to provide such information. That's because insurance pricing is subject to change, year on year, depending on a range of factors, including inflation, age, scheme costs, location, etc. If BUPA did make premium predictions for future years, it seems to me that these could be inaccurate and cause Mr P future financial detriment or mismanaged expectations. Therefore, I don't think it's unfair, unreasonable or indeed, inappropriate, for BUPA to decline to provide Mr P with such information.

Overall, I sympathise with Mr P's position and I appreciate he has felt stressed and frustrated with the situation. But I don't think BUPA has treated him unfairly or unreasonably. So it follows that I'm not directing it to do anything further or pay any award.

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 Mrs P and Mr P to accept or reject my decision before 3 October 2025.

Lisa Barham
Ombudsman