

The complaint

Mr J complains Usay Business Ltd (Usay) mis-sold him a private medical insurance policy.

What happened

The circumstances of this complaint will be well known to both parties and so I've summarised events.

Mr J held a private medical insurance policy with an insurer who I'll call Insurer A. His policy was underwritten on a moratorium basis. The moratorium start date was December 2021.

In November 2024 Mr J spoke with Usay and following discussions it recommended Mr J switch his policy to a new insurer who I'll call Insurer B. Mr J agreed with this recommendation and his policy was switched to Insurer B. The policy was underwritten on a moratorium basis, but the moratorium start date remained December 2021.

Mr J raised a complaint with Usay. He said he had attempted to make a claim with Insurer B for treatment for his daughter but Insurer B had said she would need to have a continuous period of two years without treatment for this condition. He said he had made Usay aware his daughter was receiving treatment and had been assured this would continue to be covered without issue.

On 25 March 2025 Usay issued Mr J with a final response to his complaint. It said the underwriting terms were accurately explained to Mr J at the point of sale and the advice it provided about Mr J's daughter's condition was in line with its standards. Mr J referred his complaint to this Service.

Whilst Mr J's complaint was with this Service he attempted to make a claim with Insurer B for his daughter's treatment but this was declined. Insurer B said the condition was pre-existing and Mr J's daughter hadn't had a continuous two-year treatment free period.

Our investigator looked into things. She said she thought the advice Usay had given Mr J during the sale of his policy was appropriate based on the information available to it. She said she thought Insurer A had accepted Mr J's daughter's claim outside of the terms of the policy and this isn't something Usay could have reasonably been aware of.

Mr J didn't agree with our investigator. He said he was specifically advised he would have no problem continuing treatment with his new insurer. And this situation had solely arisen from Usay's advice.

As an agreement couldn't be reached the complaint has 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.

I want to acknowledge I've summarised Mr J's complaint in less detail than he's presented it.

I've not commented on every point he has raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Mr J and Usay I've read and considered everything that's been provided.

When Usay sold Mr J his policy with Insurer B, it did so on an advised basis. This means it needed to ensure the policy was suitable for Mr J's demands and needs. So, I've considered whether the policy Mr J was sold with Insurer B was suitable for his needs.

I've listened to the calls Mr J had with Usay when purchasing his policy with Insurer B. Mr J was looking for a comparable policy but for a cheaper price, whilst also ensuring his daughter's treatment would continue to be covered.

Usay's advisor explains as long as Mr J doesn't purchase the add-on for psychiatric cover he wouldn't need to declare his daughter's condition and so it would be covered in the same way it was with Insurer A.

During a subsequent call Usay's advisor explains Mr J's new policy would be a continuation of cover with his medical history being transferred over, and being covered in the same way it was with Insurer A. He goes on to explain how the moratorium underwriting works, and confirms this is based on the date Mr J joined Insurer A in 2021. I can see this was explained in the Demands and Needs Statement Mr J was sent. And from the policy documents from Insurer B, these are the terms under which Mr J's new policy was provided.

So, based on the evidence available to Usay at that time, I think the policy it recommended to Mr J was suitable for his needs. The policy with Insurer B provided Mr J with comparable cover under the same underwriting terms as his policy with Insurer A, and at a lower premium.

Mr J has said the policy wasn't suitable for him as treatment his daughter had covered under his previous policy with Insurer A has now been declined by Insurer B. So, I've considered whether this was due to an error by Usay.

Insurer B has said it declined Mr J's claim because Mr J's daughter had received treatment for her condition in the five years prior to the moratorium start date of December 2021. And as she hadn't had a two-year treatment free period since December 2021, cover for her condition was excluded.

I've reviewed the terms of Mr J's previous policy with Insurer A, and I can see the terms of the moratorium are the same as those applied by Insurer B. And so, it's unclear why Insurer A agreed to cover treatment for Mr J's daughter's treatment whilst Insurer B hasn't. And this isn't something I'd expect Usay to have been able to account for when it was providing Mr J advice about switching his policy.

Usay was aware Mr J's daughter was receiving treatment and so this is why it recommended a continuation of his existing policy. I think it made the reasonable assumption that if Mr J's daughter's claim had satisfied the terms of Insurer A's moratorium, it would also satisfy the terms of Insurer B's moratorium given the terms are the same. Given the terms were the same, I don't think it could have reasonably foreseen Insurer B not providing cover for Mr J's daughter's treatment for the reason it has done.

Whilst I acknowledge Mr J's claim has been declined by Insurer B, I don't think this is due to an error by Usay. I think Usay provided Mr J with a suitable recommendation for his demands and needs based on the information it had available at that time.

I naturally empathise with Mr J and his daughter given the subsequent claim has been declined. However, for the reasons I've outlined above, I don't think Usay mis-sold Mr J his private medical insurance policy.

My final decision

For the reasons I've outlined above, I don't uphold Mr J's complaint about Usay Business Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 16 December 2025.

Andrew Clarke
Ombudsman