

The complaint

Mrs W complains that USAY BUSINESS LTD (Usay) mis-sold her a private medical insurance policy.

What happened

In December 2024, Mrs W took out a private medical insurance policy. Mrs W's son was also added to the policy.

Usay sold the policy to Mrs W on an advised basis, under moratorium underwriting.

In July 2025, Mrs W contacted the insurer to make a claim following a referral she'd received to see a gynaecologist. She was informed that the policy didn't provide cover for specialist consultations or minor diagnostic tests. Mrs W paid for the consultation and the scan that she had.

She also made a complaint to Usay that the policy had been mis-sold to her. Usay accepted that the policy had been mis-sold as it hadn't made Mrs W aware that specialist consultations and minor tests weren't covered. It offered to refund her the premiums she'd paid.

Unhappy with Usay's response, Mrs W brought her complaint to this service. Usay then increased its offer by adding £150 for the distress and inconvenience caused, but Mrs W didn't accept this and remained dissatisfied. Our investigator upheld the complaint and recommended that Usay pay Mrs W the cost she incurred for the consultation and scans, less the excess, together with 8% simple interest per annum. The investigator also recommended a total of £500 compensation for the distress and inconvenience caused.

Usay disagreed with the investigator's findings and asked for the complaint to be referred to an ombudsman. So, it's been passed to me.

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.

The relevant rules and guidance require businesses who sold the insurance to make sure the policy that's been recommended is suitable for the consumer's circumstances and needs at the time.

Usay sold the private medical insurance policy to Mrs W on an advised basis. So, Usay needed to have made sure the policy sold to Mrs W in December 2024 was suitable for her, and that she was provided with sufficient information about this policy and how it worked.

When Mrs W made the complaint to Usay, it accepted that the advice given to Mrs W at the point of sale did not meet its expected standards, specifically in relation to the explanation of the outpatient benefits. Usay said the advisor failed to highlight that specialist consultations

and minor tests wouldn't be covered. In other words, Usay accepted that the policy had been mis-sold to Mrs W. It therefore offered Mrs W a refund of the premiums she'd paid and £150 compensation for the distress and inconvenience caused.

I've listened to the call recording where Usay sold the policy to Mrs W. There was a discussion about seeing a GP or private doctor in the call. Mrs W also asked if she needed to pay for the GP service. The advisor confirmed that she would not and that the policy excess would only apply if the GP referred her for a scan. The advisor had the opportunity to explain that consultations or minor tests weren't covered but didn't do so. I think therefore this would have most likely led Mrs W to think that these would be covered under the policy. I'm satisfied that the policy was mis-sold.

The issue in dispute here is the amount of redress recommended by our investigator. I will therefore go on to consider this based on the information available.

When a policy has been mis-sold, the general approach is to put the consumer back in the position as if the error hadn't happened. Usually, this would mean that premiums paid on the policy would be refunded.

I've considered what I think would most likely have happened if the policy hadn't been mis-sold. Had Usay properly explained how the policy worked, Mrs W would probably have chosen a policy that included specialist consultations and minor tests—whether with Usay or another provider. In that scenario, her consultation and scan would have been covered, and there's nothing to suggest they wouldn't have been. So, on balance, I'm satisfied that these costs would have been met had she not been mis-sold the policy.

It's also uncommon for a private medical insurance policy not to include cover for specialist consultations and minor diagnostic tests. This made it even more important for Usay to highlight this limitation to Mrs W, as it was a significant feature that would ordinarily be expected in such a policy.

Mrs W may now need to take out a new policy with a different provider on a moratorium underwriting basis, as she has cancelled this one. This would mean the condition she claimed for would be treated as pre-existing and therefore excluded. I've taken this into account when considering what would put her back in the position she would have been in had the policy not been mis-sold. In light of this, I agree with our investigator that a total compensation of £500 is fair and reasonable as this has had an impact on Mrs W. This includes the £150 offer Usay has already offered Mrs W.

With all of this in mind, I think Usay should pay Mrs W compensation equivalent to the cost of the consultation and scan she paid for, with the applicable excess deducted. Mrs W should provide Usay with copies of the relevant invoices. As these costs should be reimbursed, I don't think a refund of the premiums is appropriate in this case. Usay should also add 8% simple interest per annum.

I've set out below what Usay needs to do to put things right.

Putting things right

I direct USAY BUSINESS LTD to put things right in the following way:

- *Pay Mrs W compensation equivalent to the cost of the consultation and the scan she paid for, with the applicable excess deducted. Mrs W should provide Usay with copies of the relevant invoices.

- Add 8% simple interest per annum from the date the invoices were paid to the date of settlement.
- Pay £500 compensation for the distress and inconvenience caused to Mrs W (this includes the £150 Usay already offered).
- It must do this within 28 days of the date on which we tell it Mrs W accepts my final decision. If it takes longer, Usay must give Mrs W a meaningful update setting out the timeframe when it will settle the claim.

*If Usay considers that it's required by HM Revenue & Customs to take off income tax from the interest, it should tell Mrs W how much it's taken off. It should also give Mrs W a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons given above, I uphold Mrs W's complaint about USAY BUSINESS LTD.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 25 March 2026.

Nimisha Radia
Ombudsman