

## **complaint**

Mrs W complains about Simplyhealth Access' decision to withdraw its Private Patients Scheme (PPS) - a private medical insurance scheme of which she was a member.

## **background**

I issued a provisional decision on 21 August 2015, a copy of which is attached and forms part of this final decision. In that decision I explained why I was minded to uphold the complaint.

Mrs W is unhappy that Simplyhealth withdrew the PPS. Although Simplyhealth offered her the option of transferring to a new policy, her premiums would be higher than what she had paid under the PPS. Mrs W thought her membership to PPS was guaranteed for life, and that after age 30, her premiums wouldn't increase with age.

I thought the sales literature did give Mrs W an expectation that she would have membership for life to the PPS, and that after age 30 her premiums wouldn't increase with age. But given that the policy was annually renewable, the policy terms changed over time. The later policy terms did allow Simplyhealth to cancel the policy if the PPS was discontinued, so long as Simplyhealth offered alternative cover. So I found that Simplyhealth was able to cancel the policy, but I thought it should pay Mrs W £450 compensation to reflect the disappointment of no longer having the PPS.

I invited both parties to provide me with any further comments they wanted to make.

Simplyhealth responded to say that as I've upheld its right to close the Private Patients Scheme (PPS), it doesn't agree that a compensation award of £450 would be appropriate.

Mrs W responded to say she disagreed with my provisional findings. She said the original policy terms for the PPS say that Simplyhealth is only able to close her policy if it no longer offers any medical expenses schemes, which is not the case. She also says she thinks the lifetime guarantee should be honoured or appropriate compensation offered to reflect the higher premiums she now has to pay.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Although Simplyhealth doesn't agree that a compensation award of £450 is appropriate, I've already provided sufficient explanation for why I'm awarding this in my provisional decision, so I won't repeat my reasoning here.

Mrs W says the PPS original policy terms say that Simplyhealth is only able to close her policy if it doesn't offer any medical expenses schemes, which isn't the case.

The policy says:

*"The Association reserves the right not to renew a registration if...*

*iii. For any other reason the Association ceases to conduct a Private Patients Scheme"*

'Private Patients Scheme is defined in the policy as:

*"The medical expenses schemes organised by the Association."*

Whilst I can see Mrs W's point that the definition of PPS seems to include other medical expenses schemes organised by Simplyhealth, the policy also says:

*"The contract is an annual one, renewable from year to year subject to the Rules in force at the date of renewal by payment of the then current contribution."*

Mrs W joined the PPS in 1980, and the policy renewed each year after that. Over time the policy terms changed, and when Simplyhealth wrote to Mrs W in 2014 to tell her of its decision to close the PPS, the policy terms at that time said:

*"We may cancel the policy or amend the terms for the following reasons:*

- We discontinue the Private Patients Scheme or any part of it, in which case we will offer alternative arrangements for cover"*

The policy doesn't say that the PPS would include any other medical schemes run by Simplyhealth. So the policy terms in place at the time of Simplyhealth's decision to discontinue the PPS, allowed it to cancel Mrs W's policy so long as it offered her alternative cover (which it did). So I don't agree with Mrs W that Simplyhealth wasn't able to cancel her policy.

I can understand Mrs W's disappointment that her membership to the PPS wasn't for life as she had been led to believe when she took out the policy. But as the PPS has been discontinued I can't require Simplyhealth to keep Mrs W on that policy. Mrs W seems to accept this but says Simplyhealth should compensate her for the future increases to her premiums under the new policy that she will have to pay because of her age. She has calculated that up to age 89, this will be nearly £300,000. She has based this on the difference in cost between the PPS and the new policy in 2014 (plus medical inflation) and multiplied it up to age 89.

I don't agree that compensation should be based on the future increases to Mrs W's premiums. Firstly because it would be impossible to calculate what the future increases may be, and secondly because Simplyhealth takes into account a number of factors when calculating premiums under the new policy and age is just one of those.

Although I've accepted that the PPS sales literature was misleading as it gave Mrs W an expectation that her cover would continue for the rest of her life, I can't ignore that the policy terms did still allow it to withdraw cover. So I remain of the opinion that Simplyhealth was entitled to close Mrs W's policy when it decided to discontinue the PPS. But I also still think some compensation should be paid to reflect her disappointment that she is no longer a member of the PPS.

### **my final decision**

My final decision is that I uphold this complaint. I require Simplyhealth Access to pay Mrs W £450 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 22 October 2015.

Chantelle Hurn  
**ombudsman**

## **COPY OF PROVISIONAL DECISION**

### **complaint**

Mrs W complains about Simplyhealth Access' decision to withdraw its Private Patients Scheme (PPS) - a private medical insurance scheme of which she was a member.

### **background**

Mrs W's PPS policy renewed in January 2015. Just before this, Simplyhealth informed Mrs W that it had made a commercial decision to withdraw the PPS from the healthcare market. It explained that as of her next renewal date in January 2016, the policy wouldn't be renewed. It offered her the option of transferring to a new policy (Simply Personal Health) so that she could continue cover for any existing health conditions. But her premiums would be higher than what she was paying under the PPS.

Mrs W complained to Simplyhealth. She explained she had joined the PPS because the scheme offered a guarantee that after age 30 the premium wouldn't increase because of age. She says she also thought the membership was guaranteed for the rest of her life. Simplyhealth didn't change its decision and so Mrs W brought a complaint to this service.

Our adjudicator didn't uphold the complaint. He thought the policy terms allowed Simplyhealth to withdraw the scheme, so long as it offered an alternative policy, which it had.

Mrs W didn't agree and so the matter has been passed to me.

### **my provisional findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I've looked at the original sales literature, and I'm minded to agree with Mrs W that it did offer her a lifetime guarantee. It said:

*"Membership is for life. BCWA (the previous name for Simplyhealth) guarantees to renew your membership without restriction despite an adverse health record since joining."*

and

*"After age 30, the contribution rate does not increase with age."*

Under the original terms and conditions of the policy, it explains the contract is an annual one and is renewable each year. It also says:

*"The Association reserves the right not to renew a registration if...  
For any other reason the association ceases to conduct a Private Patients Scheme."*

It seems to me that, despite the lifetime guarantee, the policy terms did allow Simplyhealth to choose not to renew cover if it no longer offered a PPS.

As the policy is renewable, the policy terms changed over time. The later policy terms that applied when Simplyhealth made its decision to withdraw the PPS, said:

*"Benefits may be adjusted from time to time. However any changes will only apply to your policy from your next annual renewal date."*

and

*"We may cancel the policy or amend the terms for the following reasons:*

- We discontinue the Private Patients Scheme or any part of it, in which case we will offer alternative arrangements for cover"*

Given that Simplyhealth chose to discontinue the PPS and offered Mrs W alternative cover (without further underwriting), I find that it complied with its policy terms and conditions. I also think it gave Mrs W sufficient notice of its intention to withdraw the PPS from the market.

That being said, I can't ignore that the initial sales literature did give Mrs W a legitimate expectation that the PPS would continue for the rest of her life and, that after age 30, it wouldn't increase with age. That is no longer the case, as the cost of the alternative scheme that Simplyhealth has offered does take Mrs W's age into account and has increased as a result. Because of this, I think Simplyhealth should pay compensation to Mrs W to reflect the disappointment of no longer having the PPS at a time when her age has a significant effect on the cost of private healthcare. I think £450 would be an appropriate amount in the circumstances.

#### **my provisional decision**

My provisional decision is that I'm currently minded to uphold this complaint. I intend to require Simplyhealth Access to pay Mrs W £450 compensation.

Chantelle Hurn  
**ombudsman**