

complaint

Mr and Mrs T have complained that BUPA Insurance Limited failed to let them know in advance that making a claim under their group private medical insurance policy would cause them to lose their entitlement to a discount on their premiums.

background

Mr and Mrs T were members of a group private medical insurance policy held with BUPA. Membership of the group meant that Mr and Mrs T benefitted from a discount on their premiums. The policy renewed on 1 April each year.

In March of each year, BUPA sent renewal documents to the main member. The documents explained that main members who turned 65 before 1 April that year would be able to stay on the group policy provided neither they nor anyone on their registration had made a claim under the policy in the twelve months to 31 January. The documents further explained that this would apply for each subsequent year of membership until anyone on the main member's registration made a claim. If someone had made a claim, the members could join a different group policy which had no discount associated with it.

In March 2014, Mrs T had a consultation costing £80. She made a claim for this under her policy which BUPA accepted.

In March 2015, BUPA sent renewal documents to Mr T who was the main member. He had turned 65 during the course of the policy year. Because of Mrs T's claim a year earlier, BUPA didn't offer to renew on the existing group scheme but invited Mr and Mrs T to join the different group policy which carried no discount. The premium was significantly more expensive than it had been.

Mr and Mrs T complained to BUPA that if Mrs T had known of the impact of her claim upon their discount, she wouldn't have made it. BUPA didn't uphold their complaint. It said that it had drawn this to Mr T's attention in the renewal documents of March 2014. It further noted that Mrs T had been the main member until she turned 65 but that on receiving the renewal documents following this in March 2013 she had asked that Mr T be made the main member. It was satisfied that both Mr and Mrs T had been made aware of what would happen when the main member turned 65.

Mr and Mrs T were unhappy at BUPA's response and referred their complaint to this service. The adjudicator recommended that the complaint be upheld. She noted that the information in the renewal documents sent to Mr T in March 2014 was marked for the attention of those turning 65 before 1 April 2014. Since Mr T didn't fall into this category, she didn't think he would have paid attention to it. The adjudicator accepted that Mrs T had received information in March 2013 which was relevant to her at that time. However, BUPA had then made Mr T the main member and the adjudicator thought that the information contained in the March 2013 renewal was no longer relevant to Mrs T. The adjudicator thought that if Mr and Mrs T had understood the consequences, Mrs T wouldn't have made a claim for such a modest amount in March 2014. She recommended that BUPA reinstate their membership of the original group policy and refund them any extra amount they'd paid in premiums, plus interest.

BUPA didn't accept the adjudicator's findings. It considered it had made clear how the scheme would operate once the main member reached 65.

my findings

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, I uphold this complaint.

I think that if making a claim is going to affect a member's entitlement to a significant discount, BUPA should tell the member about that. But it needs to tell the member in advance, so that the member can make an informed decision as to whether to go ahead with the claim.

The renewal documents sent to main members in March each year by BUPA contains the necessary information but it is under the heading of "*Members turning 65 or over on or before 1 April [this year]*". For those members to whom this is applicable, the information is provided too late for them to act on. This is because the relevant claims period has already finished.

BUPA says that Mr T should have read the relevant information when he received his renewal documents in March 2014. But I don't think he would have read the information because the heading would have implied that the information wasn't relevant to him. In any case, by the time he received the documents in March 2014 it was already too late because Mrs T had already made the claim which resulted in them losing their entitlement to the discount.

BUPA thinks that Mrs T should have been aware of the situation after she received her renewal documents in March 2013. However, Mrs T stopped being the main member shortly afterwards and I can't be sure how much attention she paid to the information she was sent. I don't think it is reasonable to say that she should have been aware a year later of the impact her claim would have upon their entitlement to the discount.

my final decision

For the reasons given above, I uphold this complaint. I require BUPA Insurance Limited to reinstate Mr and Mrs T on the original group policy and to refund them the difference between the amount that they should have paid for this policy and the amount that they have paid for their cover since April 2015. I understand that Mr and Mrs T may have since transferred to a policy with cheaper premiums than they would have been paying under the original group policy in which case, in calculating any refund due, BUPA may take this into account. It may also deduct the cost of the 2014 claim from the settlement. BUPA Insurance Limited must also pay interest on the amount due to Mr and Mrs T at the simple rate of 8% per year from the date each premium was paid to the date it makes the payment.*

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs T to accept or reject my decision before 12 February 2016.

David Poley
ombudsman

*HM Revenue & Customs requires BUPA Insurance Limited to take off tax from this interest. BUPA Insurance Limited must give Mr and Mrs T a certificate showing how much tax it's taken off if they ask for one.