DRN-4426805

The complaint

Mr S complains about the price that BUPA Insurance Limited has charged him for his personal private medical insurance policy.

What happened

Mr S has held a BUPA By You personal private medical insurance policy for many years. In April 2023, BUPA sent Mr S renewal documentation which showed a significant premium increase. Mr S was unhappy with the increase because he felt the price was excessive and he didn't think BUPA had taken his personal financial circumstances or his ability to afford the policy into account. He also felt BUPA had provided him with poor service.

BUPA told Mr S that the policy price had been calculated correctly and explained the main reasons why a policyholder's premium could rise. It said Mr S could get in touch with it to discuss ways to reduce the price.

Mr S remained unhappy with BUPA's position and he asked us to look into his complaint.

Our investigator didn't think Mr S' complaint should be upheld. Briefly, he explained that we're not able to tell BUPA how it should assess risk or what price it should charge to cover that risk. But he was satisfied that BUPA had shown how the increase in premium had been calculated. And so he didn't think the evidence indicated that BUPA had treated Mr S unfairly. Nor did he think BUPA needed to assess whether Mr S was able to afford the insurance contract.

Mr S 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 S, I think BUPA has treated him fairly and I'll explain why.

First, I'd like to reassure Mr S that while I've summarised the background to his complaint and his submissions to us, I've carefully considered all he's said and sent us. Within this decision though, I haven't commented on each point he's 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 S'. We don'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 S' health). And if it does, what price it needs to charge for that.

So BUPA will have assessed the risk of Mr S needing to make a claim when he first joined the BUPA By You scheme and then at each yearly renewal afterwards. If it thinks the risk has gone up (for example, because the risk-profile has increased or because health care costs have gone up), then it may need to put up the premium. So in complaints like these, what I look at are the factors the insurer has applied to calculate the premium and whether it's done so fairly. This is so that I can be satisfied Mr S has been treated in the same way as any other BUPA customer in similar circumstances and that he hasn't been singled out in any way.

It's clear that at the 2023 renewal, Mr S' premium increased significantly. So I can understand why he's worried that BUPA might not have treated him reasonably.

BUPA has provided me with commercially sensitive, confidential information to show how the renewal price in 2023 was calculated. I'm afraid that I'm unable to share this information with Mr S, but I hope it reassures him to know that I have considered this evidence carefully. What I am able to tell Mr S though are the main reasons for the price increase. It's clear that there was a 15% drop in Mr S' no claims discount – which drops in line with a published scale if claims are made on the policy during the previous policy year. And there was also an overall increase in the scheme price.

Based on what I've seen, I'm satisfied BUPA's treated Mr S in the same way it would treat any other policyholder who held a BUPA By You policy in similar circumstances to his own. So I can't reasonably find that it's treated him unfairly.

I appreciate Mr S feels strongly that BUPA has treated him unreasonably because it didn't take account of his financial circumstances when it calculated his policy price. However, as I've set out above, we won't generally tell an insurer how it should calculate price or what factors it should take into account when doing so. That's a matter for the regulator.

Mr S has also complained about the service he's received from BUPA. I understand that Mr S feels let down by BUPA, but ultimately, it's open to him to decide whether or not he wishes to renew his contract with it. He is free to explore cover elsewhere with another insurer. I appreciate Mr S says he can't reduce the level of cover or cancel his policy because he needs the cover in place given his medical history. That's a matter of Mr S' choice – he isn't obliged to remain with BUPA. I'm satisfied that BUPA has made Mr S aware of the options to discuss his cover level with it to look into ways of reducing the price – as I'd reasonably expect it to do.

Overall, despite my natural sympathy with Mr S' position, I don't think BUPA has treated him unfairly and so I'm not telling it to take any action.

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 Mr S to accept or reject my decision before 15 December 2023.

Lisa Barham
Ombudsman