

## **The complaint**

Mr S complains that Mercer Limited trading as Mercer Marsh Benefits mis-sold his private medical insurance policies and gave him an unreasonable service.

## **What happened**

Mr S has private medical insurance arranged by a broker, Mercer Limited.

Mr S says when his policy renewed in 2022/23 his annual policy premium increased 35% from the previous year's premium and he was shocked at the large increase particularly as he hadn't made a claim in recent years. He phoned Mercer Limited who spoke to the insurer resulting in two months premium free, a saving of £776.30.

Mr S was still unhappy with the cost so he phoned the insurer. He said in one call he negotiated an annual premium of £2,238.60 which was £2,419.20 less than the original quote through Mercer Limited. He had to raise his excess from £200 to £500 and change his choice of consultants covered by the policy to get the reduction but he says that was a minor consideration compared to the huge premium saving. In addition, when he spoke to the insurer he'd been able to have one of the medical condition exclusions on his policy removed.

Mr S complained to Mercer Limited that he employed it to get the best policy terms and conditions for the best price and it had failed to do so. Mercer Limited responded that:

- Before the price amendments the 2021/22 policy premium of £343.39 per month had increased to the 2022/23 premium of £388.15 per month, which was a 13% increase. The insurer had applied two months free in the previous policy period, which was why the increase for the 2022/23 premium looked larger. And Mercer Limited said it had been able to obtain two months premium free from the insurer for the 2022/23 policy for the same policy terms.
- It didn't accept it had mismanaged Mr S' account. Mr S was able to negotiate a cheaper premium for 2022/23 because the level of policy cover was reduced. If Mr S had told it he wanted to save money by reducing cover it would have contacted the insurer to get a reduction. It couldn't find any request from Mr S over the recent years that he wanted to reduce cover.
- It acted on Mr S' behalf on a non-advised basis. It didn't charge Mr S a fee for its services.

Mr S complained to us. In brief he says:

- Mercer Limited should have immediately contacted the insurer to negotiate a better price for the policy rather than waiting for his complaint call to do so.
- Mercer Limited should have told him he could make a large saving on his premiums by changing his excess and reducing the number of consultants he could see through his policy.

- Mercer Limited should have told him he could have one of the medical condition policy exclusions removed if he hadn't had a reoccurrence of the relevant medical problem after a period of time.
- He'd been with Mercer Limited for five years, he had a great deal on the premium the first year and its representative for two years was proactive. They would discuss the cover and Mercer Limited would make the necessary changes. But that representative left and after that he had no personal service. He said he didn't contact Mercer Limited to discuss the policy renewal as he understood it would ensure his best interests were met.
- Mercer Limited's 'negligence' in managing his insurance account must have cost him thousands of pounds in premiums in previous years.
- He's spent a lot of time and effort trying to get compensation from Mercer Limited which has caused him much stress. He wants compensation from Mercer Limited for the money he thinks he's overpaid in recent years.

Our Investigator said as Mr S hadn't told Mercer Limited he was willing to reduce cover to lower premiums it had acted reasonably in just negotiating two months free of premiums for the same cover.

Mr S disagrees and wants an ombudsman decision.

Before I made decision I asked Mercer Limited to provide me with some further information which I'll refer to in my findings below.

### **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've considered all the points Mr S has made but I won't address all his points in my findings. I'll focus on the reasons why I've made my decision and the key points which I think are relevant to the outcome of this complaint. Some of the complaint correspondence between Mr S and Mercer Limited is about the insurer charging policy premiums during the period Covid-19 affected some private medical facilities. But as policy pricing isn't Mercer Limited's responsibility and not part of this complaint to us I'll not comment on that issue.

Mercer Limited says it acts for Mr S on a non-advised basis and it's not tied to a particular insurer. It's sent us the Terms and Conditions of Business dated April 2022 relating to the 2022/23 policy renewal which say:

*'Our Services to you is provided on a "non advised" basis, as summarised below:*

*No advice – this means you will not receive advice or a recommendation from us. We may ask some questions to narrow down the selection of products that we will provide details on. You will then need to make your own choice about how to proceed'.*

From the evidence Mercer Limited sent us I think it acted for Mr S on an advised basis at the policy renewals in 2018 to 2020/21. I say that because in Mercer Limited's letters about the policy renewals for that period it set out to Mr S his demands and needs and recommended the policy he took out (with the same insurer as for the 2022/23 policy). Mercer Limited's renewal letters to Mr S for some of that period tell him it had only approached that insurer for the renewal and why.

I've no evidence that Mercer Limited mis-sold the policies to Mr S during that period. He told our Investigator that initially he had a good deal on his policy, discussed what he needed at renewal with Mercer Limited and adjustments were made as necessary. Mercer Limited's letters clearly set out the cover, and the excess, Mr S wanted to have and that if his demands and needs had changed he should tell it as that may affect the advice it provided.

Mercer Limited also told us that its consumer private medical insurance policies auto renew on existing insured terms unless instructed otherwise. So I understand that's why the policy renewed with the same insurer when Mercer Limited acted on a non-advised basis.

I've seen no evidence that Mercer Limited told Mr S it might be possible to reduce his premiums by increasing the policy excess or reducing cover. But there's also no evidence that Mr S contacted Mercer Limited to say he would be prepared to reduce his cover to get a lower premium. Given there'd been discussions between Mr S and Mercer Limited about his demands and needs I think Mercer Limited reasonably understood Mr S was content with his level of cover and premium for those policy periods.

Mr S did complain to Mercer Limited about the insurer continuing to charge a premium whilst private medical facilities had been used by the NHS to help deal with the Covid-19 outbreak. And as a result the insurer agreed to cover Mr S for several months premium free which included two months in early 2022. The insurer decides the cost of the policy and whether it will make price amendments, not Mercer Limited. The early 2022 two premium free months the insurer agreed meant the price increase for the 2022/23 policy renewal looked more than it was.

The actual increase for the 2022/23 policy renewal, without taking into account the two free months for the 2021/22 policy was a 13% increase. Mercer Limited's internal notes show it considered the 13% increase to be within the 'normal range'. So I don't think Mercer Limited acted unreasonably by not immediately contacting the insurer to try to negotiate a decrease for the 2022/23 policy.

When Mr S contacted Mercer Limited complaining about the 2022/23 premium it acted reasonably in contacting the insurer to negotiate a reduction in premium. I've seen no evidence that as part of Mr S initially complaining to Mercer Limited he said he would be prepared to substantially increase his excess or reduce cover. And as I've said, given that Mercer Limited and Mr S had discussions over previous years about his demands and needs for cover I think Mercer Limited acted reasonably in not suggesting to Mr S that he could amend his cover. If Mr S had told Mercer Limited he was willing to increase his excess and reduce his cover I think it's probable that Mercer Limited could have negotiated the same reduction in premiums with the insurer, rather than Mr S having to contact the insurer.

I understand Mr S' concern that Mercer Limited hadn't spoken to him about whether a time limited medical condition exclusion was still applicable. If Mercer Limited knew the exclusion was time limited it would have been reasonable to check with Mr S. But I've no evidence that Mr S had a claim declined due to the relevant exclusion at a time when the exclusion could have been removed. So I've no evidence that Mr S was disadvantaged by Mercer Limited on that issue.

Overall, I don't think Mercer Limited mis-sold the policies to Mr S and I've no basis to award Mr S compensation in relation to its service. I don't generally award compensation for a consumer's distress and inconvenience in making a complaint to a business, or to us, and there's no reason for me to do so in this case.

**My final decision**

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 13 February 2024.

Nicola Sisk  
**Ombudsman**