

## **The complaint**

Mr and Mrs A complain about the increase in their premium in relation to their private medical insurance policy with AXA PPP Healthcare Limited. They also complain about the difficulties they had contacting AXA.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them again here in full. In summary, Mr and Mrs A have private medical insurance with AXA. Their policy renews in November each year.

In November 2022, Mrs A contacted AXA about the premium increase at renewal. AXA explained that Mr A could restore his no claims discount if he bought back a claim. That didn't happen for reasons I'll refer to below.

Mr and Mrs A say that the increases in their premiums are outrageous and unaffordable, and AXA haven't explained them. They say that it's been difficult to communicate with AXA.

One of our investigators looked at what had happened. He didn't think that AXA had treated Mr and Mrs A unfairly. The investigator said that AXA had priced Mr and Mrs A's premiums fairly and in line with other consumers.

Mr and Mrs A didn't agree with the investigator. Mrs A said that the price increases are unfair. She doesn't understand why we can't share the information AXA has provided. Mrs A said that Mr A has been discriminated against because of his age.

The investigator considered what Mrs A said but didn't change his view. As there was no agreement between the parties, the complaint was 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.

Each policy year is a new contract between the parties. The membership handbook sets out that premiums for this type of cover tend to increase every year and that the reasons for that include the policyholder's increased age and the increasing cost of medical treatment. The handbook also explains how claims affect the no claims discount. The central question for me to decide is whether AXA acted fairly and reasonably in its pricing of Mr and Mrs A's premiums for the policy years starting in 2018.

Given the increase in Mr and Mrs A's renewal premium, particularly the significant increases in Mr A's premium, I can understand their concerns. However, this service isn't the industry regulator, and we have no power to direct an insurer to reduce its premium. It's not my role to tell an insurer what price it should charge for the risks its policies cover, nor what factors it should take into account in assessing those risks. In general terms, it's for an insurer to

decide what risks it wants to cover and what premium to charge to cover those risks. Our general approach is that, providing they treat people fairly, insurers are entitled to decide what premium covers a risk.

Insurers consider many factors when setting premiums. When deciding how much to charge for their policies they will assess the likelihood of a policyholder making a claim and how much they might have to pay out for those claims. And each insurer will go about that in its own way. It's for AXA to decide which factors it wishes to take into account. Age and the cost of medical treatment are mentioned in the membership handbook, but AXA's considerations are not restricted to those two factors.

The Equality Act 2010 says that it's not unlawful for a business to treat someone unfavourably on the grounds of their age when providing insurance, as long as the risk assessment has been undertaken from information which is relevant to the assessment of risk, and from a source on which it's reasonable to rely.

AXA has provided this service with some information to explain how it calculated Mr and Mrs A's renewal premium for the relevant years. I'm afraid I can't share that information with Mr and Mrs A. I appreciate that's frustrating, but this service doesn't think it's unreasonable for insurers not to share with policyholders sensitive commercial information showing how it calculates premiums. That's because the information could be used by competitors to gain a commercial advantage.

I've looked carefully at the information AXA has provided. I'm satisfied that the premium AXA quoted was calculated correctly. I've seen nothing to indicate that Mr and Mrs A were treated less favourably than other policyholders in a similar position. That's not to say that I don't agree with Mr and Mrs A that the premiums have increased substantially in recent years: they clearly have. But having reviewed the information that's been provided, I don't think that AXA calculated Mr and Mrs A's premium unfairly. Premium setting is essentially a matter of commercial judgement and not something with which we would usually think it's fair to interfere.

It was open to Mr and Mrs A to decline the renewal quotes and look for a policy with another provider. I understand the difficulty of doing that in Mr and Mrs A's particular case, but it remains the case that they were not obliged to take up the renewal quotes from AXA.

Mr and Mrs A say that it was difficult to communicate with AXA. I've seen from AXA's contact notes that when Mrs A first contacted it in November 2022 about the premiums it sent her a quote to buy back Mr A's claim. It sent that quote by post, but Mrs A didn't receive it. AXA sent the quote again by e-mail and extended the deadline for Mrs A's response. I think that was fair.

Mrs A clearly had difficulty getting through to AXA on the phone on some occasions. That's clearly frustrating. AXA apologised to Mrs A for the delays she faced in getting through on the phones. I don't require it to do any more than that.

For the reasons I've explained, there are no grounds on which I can fairly ask AXA to refund premiums Mr and Mrs A have already paid or to limit increases in the future. I appreciate that Mr and Mrs A will be disappointed by that outcome.

## **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 2 November 2023.

Louise Povey  
**Ombudsman**