

## **The complaint**

'J', a limited company, has complained that Western Provident Association Limited ('WPA') has unfairly increased its premiums.

## **What happened**

J has a private medical insurance policy underwritten by WPA with cover for its employees and family members.

At the 2020-2021 renewal of the policy, J complained to WPA about the level of increase to its premiums. It said the overall percentage increase since joining was unreasonable based on the Association of British Insurers (ABI) leaflet provided when the policy was originally taken in 2012.

WPA explained it had increased premiums due to a number of factors. Unhappy with WPA's response to the complaint, J referred its complaint to the Financial Ombudsman Service.

Our investigator looked into the complaint but didn't think WPA had calculated or increased premiums unfairly.

J disagreed and in summary, has made the following comments:

- No calculations or methodology has been provided.
- The investigator hasn't confirmed whether the information reviewed is from WPA or general trends of private medical insurance.
- J wants me to consider whether it is fair to be given a projection of premium growth at the start of the policy which has turned out to be inaccurate.
- J cannot see that accepted medical inflation fits with the change in premiums.
- The pricing of risk will be similar to all insurers.

And so the case has been passed to me for a final decision.

## **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, I don't think this complaint should be upheld. I'll explain why.

As this complaint relates to premium pricing, I will be looking at whether WPA fairly increased J's premiums in line with how it increases premiums for other customers in similar situations.

I should start by saying that the Financial Ombudsman Service doesn't set the rules on how an insurer can price complaints. It's up to an insurer to decide how much to charge for its policies so long as it exercises its judgement fairly and consistently and in accordance with its internal guidelines.

And the Financial Conduct Authority doesn't regulate the prices an insurer charges or the methods used to calculate a price. So I can't make any comment on the way an insurer chooses to assess a risk or the premium it charges to cover a certain risk. But I can check whether WPA has applied any terms fairly and also that it hasn't treated J unfairly compared to others in the same position.

WPA has explained it takes into account a number of factors when looking at premiums including age, area, level of cover and claims.

WPA has provided an explanation of how its premiums were priced. I've checked the criteria applied by WPA. And it applies the same criteria to others in the same position. So I don't think it's done anything wrong here.

I cannot ask WPA to share commercially sensitive information. But I have seen and checked the information and calculations it has provided for the premium increases. I haven't seen anything which shows that J has been treated differently or unfairly.

J has referred to the 2012 ABI leaflet and has asked whether it's fair for the premiums to have increased so much since 2012. As explained by WPA, the leaflet is outdated and is a general guide to private medical insurance. The private medical insurance policy is an annual contract and as explained above, prices aren't regulated. An insurer is entitled to decide the premium it charges based on the risks it identifies.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 14 September 2023.

Shamaila Hussain  
**Ombudsman**