

The complaint

Mrs G complains about the advice she received from Health and Protection Solutions Limited, trading as Towergate Health and Protection (Towergate) in relation to her private medical insurance policy.

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, I understand that Mrs G renewed her private medical insurance with the same insurer for many years. In December 2020, she asked Towergate about less expensive alternatives to her renewal quote of £451.14 a month. Towergate recommended a different policy with the same insurer which was less expensive at £291.56 a month. Mrs G proceeded with the recommendation at renewal on 1 January 2021.

Mrs G had some health problems and complications following surgery. She wasn't happy about the cover she had and the treatment she received. Shortly after renewal in January 2021 she complained to Towergate about the advice she received in December 2020. Mrs G had discovered that if she reverted to her previous type of membership, the 25% discount wasn't available to her.

Mrs G says that Towergate didn't tell her that if she chose the less expensive option at renewal in January 2021, she would lose her 25% discount and wouldn't be able to get it back. She says that she wouldn't have downgraded her membership in January 2021 if she'd known that she'd lose the discount.

In response to Mrs G's complaint, Towergate said that the insurer had told it about the loss of future discount, but it could find no evidence that it had told Mrs G about that. Towergate offered Mrs G compensation of £50 as a gesture of goodwill. Mrs G didn't think that was sufficient and pursued her complaint. She wants Towergate to reinstate her 25% discount so that she can upgrade her membership with the insurer.

One of our investigators looked at what had happened. He said that the recommendation Towergate made in December 2020 was based on Mrs G's demands and needs. The investigator thought that the compensation offered by Towergate was fair and reasonable. He thought that Mrs G would have decided to change to the lower cost policy even if she'd been told about losing the 25% discount. That was because she was unhappy with the original 2021 renewal quote, even after the 25% discount had been applied.

Mrs G didn't agree with the investigator and asked that an ombudsman consider her complaint, so it 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.

- Towergate gave Mrs G advice about her private medical insurance, so it was obliged to make sure that its recommendation was suitable for her demands and needs.
- Based on what I've seen, at the time of discussions in December 2020, Mrs G was concerned about price and affordability. She also wanted to remain with the insurer she was with in order to avoid exclusions in cover. Towergate provided Mrs G with a number of quotes for reduced cover with the same insurer and various levels of excess. Mrs G chose the highest excess and the lowest premium offered to her.
- Towergate sent Mrs G the Insurance Product Information Document (IPID) for both her original cover and the less expensive cover, so that she could compare the two. But it doesn't have any evidence to show that it passed on the information provided by the insurer to the effect that if Mrs G reduced her cover, she would lose her 25% discount. I think that was material information that Towergate should have given to Mrs G to enable her to make an informed choice.
- When mistakes like this happen, we look at the effect of the mistake on the individual. I've given this matter careful consideration. On balance, I'm not persuaded that Mrs G would have acted differently if Towergate had told her that she'd lose the 25% discount. Mrs G was dissatisfied with her original renewal quote for the policy year starting in 2021, which included the 25% discount. She chose the less expensive premium and I think she'd have done that even if Towergate had told her about losing the discount. At that stage, Mrs G had no misgivings about the reduced cover.
- I think that Mrs G was disappointed to discover that she was no longer eligible for the discount. I think that the compensation of £50 Towergate has offered is fair and reasonable in this case.
- I can quite understand why Mrs G would now like to revert to the cover she had originally but I'm afraid there's no basis on which I can fairly direct Towergate to meet the cost of the loss of discount in this case. I appreciate that's disappointing for Mrs G.

My final decision

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

If Mrs G wishes to accept the offer Towergate made previously, she should contact it direct.

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

Louise Povey
Ombudsman