

The complaint

Miss F complains about BUPA Insurance Limited's ('Bupa's') handling of her private medical insurance claim.

What happened

Miss F was covered under her previous employer's group private medical insurance scheme with Bupa. After Miss F left her employer, Bupa offered her an individual private medical insurance policy, which started in September 2022. She understood this was a continuation of cover from the group scheme, and that she would have cover for any existing medical conditions.

Miss F then made a claim under her individual policy, but was told the policy didn't cover pre-existing medical conditions. She complained to Bupa about the sale of the policy and asked for her policy to be cancelled and a refund of the premiums she'd paid. She also cancelled her direct debit.

Bupa confirmed that Miss F did have continuation of cover from her previous employer's scheme. It said it had made a mistake and given Miss F the wrong information when she had made a claim. Bupa told Miss F if she wanted to continue with her policy, she should contact it about this. By way of apology for its handling of the claim, Bupa offered Miss F £300 compensation. However, Miss F then wanted Bupa to refund her premiums, and pay her an additional £20,000. Miss F brought her complaint to the Financial Ombudsman Service about the way Bupa had handled her claim.

After Miss F brought her complaint to us, Bupa offered to reimburse Miss F the premiums she'd paid for her individual cover if she still wanted this (though alternatively she could still reinstate her cover), and also offered to pay her total compensation of £500. Our investigator thought this was reasonable, but Miss F didn't agree. The matter has therefore been passed to me for a 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.

Miss F's complaint to Bupa was about the sale of the policy. She thought she'd taken out a policy that provided cover for her pre-existing conditions. Bupa has since confirmed that Miss F did have this cover. So I'm satisfied the policy wasn't mis-sold.

Bupa's error was that when Miss F made a claim, its adviser told her incorrectly that she didn't have cover for pre-existing conditions. Bupa accepts that it made an error here.

As our investigator has explained, when a business does something wrong, our aim is to place the consumer back in the position they would have been in, if not for the business's error (as far as possible).

Miss F told Bupa that she'd had surgery for her condition under the NHS, but she wanted to see a specialist to obtain support to manage the inflammation she experienced with her condition.

If Bupa hadn't incorrectly told Miss F that her policy didn't cover pre-existing conditions, she would have had her consultation with a specialist authorised, and she would have continued to pay her premiums.

I understand that after Miss F complained to Bupa about what happened, it did then provide her with authorisation for the consultation with a specialist. Miss F says she no longer trusted Bupa and the consultation wasn't needed at that time. However, I'm satisfied she could have had the consultation if she'd wanted - though I appreciate this authorisation was delayed because of Bupa's error, and so Miss F was caused inconvenience as a result.

Bupa has recognised that Miss F was inconvenienced because of its error, and has offered her total compensation of £500. I think this amount is reasonable in all the circumstances, and reflects the impact to Miss F caused by Bupa's error.

Miss F cancelled her direct debit after Bupa gave her the wrong information and so her policy is currently suspended. Bupa says it will allow Miss F to reinstate her cover by paying the backdated premiums due, but with no further underwriting applied. I think that seems fair, as Miss F would have always needed to pay her premiums for the cover. Whilst I recognise Miss F would need to pay a significant amount of money to bring her cover up to date, it's also the case that Miss F was aware of Bupa's error within two months of cancelling her direct debit, and so could have reinstated her cover at that point if she'd wanted.

Though, as an alternative, Bupa has offered to cancel the policy and return the premiums paid. Presumably that's because Miss F has never used her policy, and she only cancelled her direct debit because she was given wrong information by Bupa. In these circumstances, that seems reasonable to me. It'll be up to Miss F how she wishes to proceed.

Miss F's representative wants Bupa to refund the premiums paid, as well as reinstate the cover without charge until Miss F is back to full health and in employment (and would then want to discuss compensation). I don't require Bupa to do this. Miss F would be having the cover for free whilst Bupa would need to pay any valid claims, which I don't think is reasonable.

Overall, I'm satisfied that Bupa's compensation offer of £500 recognises the impact its error had on Miss F, and its offer to either reinstate the policy or refund the premiums was fair. Though if Miss F chooses to have her premiums refunded, then I think Bupa should pay interest on this to recognise that it has had the benefit of this money rather than Miss F.

My final decision

My final decision is that I uphold this complaint. I require BUPA Insurance Limited to do the following:

- Pay Miss F £500 compensation*
- Allow Miss F to reinstate her cover if she wishes to do so, subject to the payment of backdated premiums but with no further underwriting. Alternatively, it should reimburse Miss F the premiums she's paid, plus interest at the rate of 8% simple per annum from the date each premium was paid to the date of settlement**. Miss F should confirm to Bupa which option she would like.

*Bupa must pay the compensation within 28 days of the date on which we tell it Miss F accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

** If Bupa considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Miss F how much it's taken off. It should also give Miss F a certificate showing this if she asks for one, so Miss F can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 10 April 2024.

Chantelle Hurn-Ryan
Ombudsman