

The complaint

Mr S complains about the sale of his private medical insurance policy by Saga Services Limited.

What happened

Mr S took out a private medical insurance policy through Saga, which included extended cancer cover. He made a claim to the insurer after sadly being diagnosed with cancer, and the insurer refused the claim. I understand that was because the two medications he needed weren't licensed to be used in combination.

Mr S complained to Saga about the sale of the policy. He said he'd been led to believe that the extended cancer cover included cover for experimental treatment.

Saga didn't uphold Mr S's complaint. It said it hadn't led him to believe at the time of sale that unlicensed drugs would be covered. Unhappy with Saga's response, Mr S brought his complaint to this Service.

Our investigator upheld the complaint. He thought Saga hadn't made it clear to Mr S how the extended cancer cover worked. He recommended Saga pay Mr S £300 compensation.

Saga accepted our investigator's recommendations, but Mr S didn't. 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.

I've checked the policy terms and conditions. The policy covers conventional treatment and sets out what that means (amongst other things, it should be established as best medical practice and practised widely in the UK). The policy also says it will cover unproven treatment (which includes treatments which are not considered to be conventional), so long as the insurer agrees that it is a suitable equivalent to conventional treatment.

Under the cover for cancer, the policy says that the insurer covers drug treatment of cancer where the drug has been licensed for use by the European Medicines Agency or the Medicines and Healthcare products Regulatory Agency and is used according to that licence.

Under the extended cancer cover, the policy says the above about drug treatment for cancer. It also says there is no cover for unproven drugs or drugs that are being used outside of their licence. However, if the insured has been invited to be a participant in a randomised clinical trial which has been approved by the appropriate ethics committee, they would be eligible to claim the NHS cash benefit (which is £100 a night spent in an NHS hospital).

So, the insurer will consider unproven treatment under the general terms of the policy, however, cover for unproven drugs or drugs used outside their licence isn't available for cancer treatment. Though under the extended cancer cover, NHS cash benefit could be paid if the insured is on an approved clinical trial (which presumably might include trialling unproven drugs or drugs used outside their licence).

I've listened to the sales call to see what Mr S was told by Saga when the policy was sold. In selling the policy, Saga was required to make sure the information it provided to Mr S was clear, fair and not misleading.

Mr S explained he had cover through his company scheme, but was leaving his employer and wanted a quote for individual cover. He'd already obtained a quote online through Saga. The adviser went through the various options. In terms of the cancer cover, the adviser explained there was either the standard cancer cover (which Mr S had opted for online) or the extended cancer cover. The adviser said the extended cover included experimental treatment. Mr S agreed to take out the extended cancer cover.

I agree with our investigator that Saga didn't make it clear what the extended cancer cover provided. Saga's adviser wrongly led Mr S to think that only the extended cancer cover included experimental treatment - even though unproven treatment was potentially covered under the general terms of the policy. And the adviser didn't clarify that experimental drugs wouldn't be covered for cancer treatment. So I find that this aspect of the cover was mis-sold.

I've also looked at the information Saga provided on its website at the time about extended cancer cover. This correctly said that drug treatments were subject to the terms of licence. However, it also said that there was cover for experimental cancer treatment (as long as the treatment was part of an ethically approved trial). This wasn't correct as the policy doesn't cover experimental cancer treatment as part of a trial, and only provides NHS cash benefit. I see this incorrect statement has since been removed from Saga's website.

As I've found that the extended cancer cover was mis-sold, I've thought about what Mr S would have done if Saga had given him the correct information about the cover.

I don't think Mr S's main reason for taking out the policy was for the extended cancer cover. There was no suggestion that this was particularly important to him and noticeably the quote he'd obtained himself online didn't include the cover. So I'm satisfied, on balance, that if Mr S had been told what the extended cancer cover provided, he would have still gone ahead with the main policy. However, he may not have paid extra for the extended cancer cover.

When a financial business does something wrong, the aim of this Service is to place the consumer back in the position they would have been if not for the error (as far as possible). As our investigator has explained, that means we'd usually require Saga to arrange for the extended cancer cover to be removed, and then refund the additional premium Mr S paid for this, plus interest. However, Mr S understandably doesn't want this cover removed, as he's since been diagnosed with cancer and may want to use it.

We can also consider the upset that Mr S was caused by the matter. Mr S has been going through a really difficult time, and I think the mis-sale caused him distress as he was expecting his claim to be covered. I also understand that when Mr S told Saga his claim had been turned down, he was initially led to believe that Saga thought he was right to appeal, but it then said it agreed with the insurer. Mr S has explained how upset he was by this.

I think the compensation should be slightly higher than that recommended by our investigator. I therefore require Saga Services Limited to pay Mr S £400 compensation to recognise the loss of expectation he experienced as a result of the mis-sale.

My final decision

My final decision is that I uphold this complaint. I require Saga Services Limited to pay Mr S £400 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 November 2023.

Chantelle Hurn-Ryan
Ombudsman