

The complaint

Mr and Mrs F complain about how BUPA Insurance Limited, trading as BUPA Global, dealt with a claim against their private medical insurance policy.

What happened

In summary, Mr and Mrs F have private medical insurance underwritten by BUPA via a company health plan. The certificate relevant to this complaint shows that Mrs F had cover from 23 August 2022 to 31 December 2022.

Mrs F sought treatment for skin conditions and on 10 December 2022, her medical provider asked BUPA to authorise a claim for three medications: a pigment corrector, a sunscreen and a silicone gel.

During a phone call between Mr F and BUPA on 10 December 2022, BUPA agreed to authorise the claim for the sunscreen while Mr and Mrs F waited at the hospital but then didn't send the authorisation. After waiting for some time, Mrs F left the hospital without the authorised item. In an e-mail to the medical provider on 11 December 2022, BUPA declined the claim. That e-mail didn't indicate that one of the medications was authorised.

On 21 December 2022, Mrs F's medical provider resubmitted the claim for the three medications. On 22 December 2022, BUPA said that it had referred the request to its clinical team and couldn't approve the request as the medications weren't medically indicated.

In mid-January 2023, BUPA sent a new authorisation to Mrs F's medical provider. That meant that Mrs F had to pay another annual deductible in a new policy year.

Mr and Mrs F didn't think that BUPA had handled Mrs F's claim fairly and pursued the complaint. They say that Mrs F didn't get her medication for over a month due to BUPA's delays. In response to the complaint, BUPA paid Mr and Mrs F compensation of approximately £230. Mr and Mrs F didn't think that was sufficient and pursued the complaint.

One of our investigators looked at what had happened. He said that BUPA didn't act unfairly in relying on the exclusion relating to cosmetic treatments or scar revision in relation to two of the medications. The investigator said that he agreed that BUPA should have been clearer about the sunscreen and that it had caused delay of one month in Mrs F accessing that medication. He thought that BUPA's offer of compensation was fair and reasonable in this case.

Mr and Mrs F didn't agree with the investigator. They said that the compensation was insufficient with regard to the health risk Mrs F suffered as a result of BUPA discontinuing medication before completion of the course and delaying the medication for a month. Mr and Mrs F want compensation for the risk to Mrs F's health and to prevent BUPA from treating other customers in this way.

Another investigator considered what Mr and Mrs F said but she reached the same conclusion as the first investigator. Mr and Mrs F asked that an ombudsman consider the complaint, so it was passed to me to decide.

my provisional decision

On 18 October 2023, I sent both parties my provisional decision in this case. I indicated that I intended to uphold the complaint. I said:

'the relevant terms and conditions

The starting point is the terms and conditions of membership, the relevant parts of which say as follows:

'What is not covered?

*In the 'Exclusion' section below, **we** list specific **treatments**, conditions and situations that **we** do not cover as part of **your** plan.*

[...]

Cosmetic treatment	Treatment undergone for cosmetic or psychological reasons to improve your appearance [...]
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Examples:

[...]

***we** do not pay for **treatment** of keloid scars. **We** also do not pay for scar revision.'*

has BUPA acted unfairly or unreasonably?

The relevant rules and industry guidance say that BUPA has a responsibility to handle claims promptly and fairly and it shouldn't reject a claim unreasonably. I intend to uphold Mr and Mrs F's complaint and I'll explain why:

- Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it's willing to cover and set these out in the terms and conditions of the policy document. The onus is on the consumer to show that the claim falls under one of the agreed areas of cover within the policy. If the event is covered in principle but is declined on the basis of an exclusion set out in the policy the onus shifts to the insurer to show how that exclusion applies.*
- I've set out above the relevant exclusion in this case. Based on what I've seen, including the two medical reports provided by Mr and Mrs F, I don't think that BUPA acted unfairly or unreasonably in declining Mrs F's claim for two of the medications.*
- One of the medical reports provided by Mr and Mrs F indicates that the silicone gel was prescribed to treat scarring. The other medical report refers to pigment corrector for hyperpigmentation. I don't think that BUPA acted unfairly or unreasonably in concluding that the treatment in these two instances was for cosmetic purposes and therefore excluded from cover. I don't think it was unfair or unreasonable for BUPA to rely on that exclusion.*
- I understand that BUPA had previously authorised the claim in order to honour an error. I don't think that means that it's obliged to continue to cover something that's excluded in the policy.*

- *It's common ground that BUPA made errors in its handling of Mrs F's claim. BUPA authorised one item and said that it would send the authorisation while Mr and Mrs F waited at the hospital but didn't do so. That meant that Mr and Mrs F waited at the hospital for several hours and went home without the item.*
- *BUPA sent the treatment provider a rejection of the claim and didn't mention that one of the medications had been approved. BUPA says that Mrs F's treatment provider should have relied on its earlier authorisation ...513 but I understand that was before the e-mail rejecting the claim in relation to all three medications. I can understand why the treatment provider required further authorisation. BUPA says that after it had incorrectly declined the claim for all three medications on 11 December 2022, it told Mr F that the pre-authorisation ending ...513 was still valid. I think it would have been more helpful to tell the treatment provider that or to provide it with a new authorisation.*
- *Whilst I think that BUPA was entitled to decline the claim for two of the three items, I think that its handling of the claim for the third item caused Mr and Mrs F distress and inconvenience. They waited at the treatment provider for an authorisation that was promised and never came and left without the approved item. There was also further inconvenience in waiting for BUPA to tell the treatment provider that it authorised one item after it had declined all three items. I think that the compensation BUPA has already paid is fair and reasonable in relation to Mr and Mrs F's distress and inconvenience. But I think that BUPA's actions also caused Mr and Mrs F loss. I'll explain why.*
- *BUPA sent further authorisation to the treatment provider in mid-January 2023, which meant that Mrs F had to pay another annual deductible. If BUPA had dealt with Mrs F's claim promptly and without the ensuing confusion, it would have been dealt with in the policy year ending December 2022 and Mrs F wouldn't have been required to pay an annual deductible for 2023. Mr and Mrs F have provided evidence that they paid the annual deductible in the policy year 2023. And BUPA has confirmed that this was the only claim Mrs F submitted in the policy year 2023. In all the circumstances, it seems to me that it's fair and reasonable for BUPA to reimburse Mrs F for the 2023 annual deductible. It should also pay interest on that sum.'*

Responses to my provisional decision

BUPA accepted my provisional decision. Mr F responded to say that the compensation wasn't sufficient to make BUPA realise its mistake and to deter it from repeating the mistake again. He said that they suffered physical and mental inconvenience. Mr F says that he too was receiving treatment at the relevant time and that BUPA was aware of that.

Mr F says that they waited at the hospital for the authorised medication for over four hours and visited the hospital twice to get the medication but without success. He says that there was considerable delay in getting the authorised medication.

Mr F provided the medical reports he'd previously provided and said that the pigment corrector was prescribed for a medical condition and BUPA should approve the remaining two months' medication to complete the minimum course of three months. He said that the gel was prescribed to treat the pain of hypertrophic scars.

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.

This service isn't the regulator, so we have no power to award compensation in order to punish a business or deter it from future actions. We look at what's happened in the individual case and decide what's fair and reasonable.

I've looked again at the medical reports Mr and Mrs F have provided. I remain of the view that BUPA didn't act unfairly or unreasonably in declining Mrs F's claim for two of the medications. On balance, I'm satisfied that those medications relate to cosmetic treatment, as defined by the policy. And I don't think that BUPA is obliged to authorise treatment that's excluded in the policy in order that Mrs F can complete a course of treatment.

I've considered what Mr F has said in response to my provisional decision but, considering everything, I remain of the view that the compensation that BUPA has already paid is fair and reasonable in relation to Mr and Mrs F's distress and inconvenience. In reaching that view, I've taken into account the nature, extent and duration of the distress and inconvenience caused by BUPA's errors in this case. But I think that BUPA should compensate Mr and Mrs F for the loss they incurred in paying the annual deductible in 2023.

Putting things right

In order to put things right, I direct BUPA to reimburse the 2023 annual deductible of £150 and pay interest on that amount at the simple rate of 8% per year, from the date in January 2023, when it sent a new authorisation to Mrs F's medical provider to the date of payment.

My final decision

My final decision is that I uphold this complaint. I now direct BUPA Insurance Limited to take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F and Mr F to accept or reject my decision before 1 December 2023.

Louise Povey
Ombudsman