

The complaint

Mr D complains about how BUPA Insurance Limited dealt with his claim against a group, 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, Mr D has membership of a group, private medical insurance policy via his employer. In February 2023, Mr D contacted BUPA about a claim for his son. BUPA explained the relevant parameters of eligible treatment. On 15 February 2023, Mr D had an initial phone consultation with a provider about his son. He paid an invoice of £360 in relation to that. Subsequently, there was an assessment and Mr D paid the provider £2,000 in settlement of the second invoice.

On 19 March 2023, Mr D sent BUPA a note from his son's doctor and two invoices, which he said required settlement. On 28 March 2023, BUPA authorised the claim. It subsequently sent an e-mail to Mr D which said that it would reimburse him the £2,000 and pay part of the invoice for £360. On 18 April 2023, Mr D phoned BUPA to chase payment of the £2,000. BUPA later told Mr D that it had paid the £2,000 directly to the provider. Mr D complained about that.

Mr D wants BUPA to settle his claim with interest and pay compensation for his inconvenience.

One of our investigators looked at what had happened. Initially, she didn't recommend that the complaint be upheld. Mr D didn't agree with the investigator and provided some further information. The investigator reconsidered the matter. She recommended that Mr D's complaint be upheld. The investigator said that BUPA should pay Mr D £2,000, plus interest. She didn't think it was fair for BUPA to ask Mr D to recoup the payment from the provider. The investigator thought that BUPA's offer of compensation of £200 in relation to Mr D's inconvenience was fair and reasonable.

Mr D agreed with the investigator, but BUPA didn't. It said that Mr D hadn't provided a receipt for the payment of £2,000, he'd only provided a receipt for £360. So, that's why it paid the provider directly. BUPA said that it's paid the claim, so to duplicate the payment by paying Mr D directly would be outside Mr D's policy benefits or require it to wait for a refund from the provider. BUPA said that paying a claim twice doesn't seem a fair outcome for both parties.

The investigator considered what BUPA said but didn't change her view. She said that BUPA hadn't made it clear to Mr D that it required evidence that he'd paid the provider £2,000 and that BUPA agreed to pay Mr D. The investigator said that BUPA's final response to Mr D wasn't clear. She said that Mr D had provided evidence that he'd paid the provider. The investigator didn't think it was fair to ask Mr D to recoup the money from the provider.

BUPA asked that an ombudsman consider the 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.

The relevant rules and industry guidance say that BUPA has a responsibility to handle claims promptly and fairly. I uphold Mr D's complaint and I'll explain why.

The membership terms provide that in many cases BUPA has arrangements with providers about how much they charge and how it pays them. The terms say that in most cases, BUPA pays the provider directly but may pay the member directly.

I think that there's been considerable confusion in this case. Based on what I've seen, when Mr D first sent the two invoices to BUPA on 19 March 2023, only the invoice for £360 showed that it had been paid. In correspondence with this service, BUPA has said that it should have asked Mr D to provide proof that he'd paid the invoice for £2,000 before either paying him or paying the provider. I think that's right.

If BUPA had asked Mr D to provide proof that he'd paid the provider £2,000, he could have provided it. I think that BUPA acted unfairly and unreasonably in paying the provider directly without giving Mr D the opportunity to show that he'd already paid the invoice.

Mr D has now provided this service with a screenshot of his payment to the provider and a receipted invoice for £2,000. I'm satisfied that Mr D paid the invoice for £2,000.

In the particular circumstances that arose here, I don't think that it's fair or reasonable for BUPA to direct Mr D to ask for a refund from the provider. I think it's right that the responsibility for recouping an incorrect payment to the provider lies with BUPA. That's because BUPA made an error in paying the provider without asking Mr D to provide evidence that he had already made the payment. And it has the benefit of a continuing relationship with the provider, so it's likely to be easier for BUPA to recoup an overpayment than it would be for Mr D.

I think that BUPA should reimburse Mr D for the payment he made directly to the provider and pay interest on that amount, from the date of Mr D's claim to the date of settlement.

BUPA's handling of Mr D's claim caused him distress and inconvenience in that he was put to the trouble of pursuing this matter. I think that BUPA's final response to Mr D on 2 May 2023 caused further confusion. I think that Mr D could reasonably expect from BUPA's final decision that he'd receive the payment shortly: BUPA said that '*...the claim in question is in the final stages of being processed*'. BUPA has told this service that at the time of its final response to Mr D, it noted that there was a task on its system to assess the claim and pay Mr D. Subsequently, it decided that without proof of payment from Mr D, it should send payment directly to the provider. I think that BUPA's change of approach was confusing for Mr D.

BUPA has already sent Mr D a cheque for £200 in relation to his distress and inconvenience. Considering everything, I think that's fair and reasonable. 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. If that cheque is now out of date, Mr D should ask BUPA for a replacement.

Putting things right

In order to put things right BUPA should:

- reimburse the payment of £2,000 Mr D made to the provider and
- pay interest on the £2,000 at the simple rate of 8% a year, from the date Mr D made his claim, to the date it makes the payment.

HM Revenue & Customs requires BUPA to take off tax from this interest. BUPA must give Mr D a certificate showing how much tax it's taken off if he asks for one.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 20 December 2023.

Louise Povey
Ombudsman