

The complaint

Mr and Mrs B are unhappy with how AXA PPP Healthcare Limited handled their claim.

What happened

Mrs B needed an operation, so she contacted AXA as the insurer of her private medical insurance policy.

Mrs B's consultant told AXA that the case was particularly complex and the surgery that was to be performed wasn't widely practiced in the UK and it wasn't NICE approved.

AXA asked for further evidence and then told Mrs B in writing the next day that the surgery was approved.

Two months later AXA retracted their authorisation and told Mrs B the surgery wasn't covered under her policy because it was deemed unproven treatment.

Unhappy with this Mr and Mrs B complained. AXA said they could cover a partial payment of £350 towards part of the surgery because it fell under eligible treatment. But all the remaining ineligible costs would need to be self-funded if the surgery went ahead.

They also paid £600 compensation to recognise the delays and stress experienced during the claim.

Mr and Mrs B remained unhappy and referred the matter to this service.

Our investigator looked at what happened and said he thought AXA was fair to decline cover under unproven treatment. And he agreed £600 compensation was in line with our guidance for distress and a delay lasting over a period of several months.

Mr and Mrs B disagreed. In summary they said the authority to cover the cost was given by three trained and experienced AXA advisors in the full knowledge of what the procedure entailed and with reference to the policy wording.

So, the case has now 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.

The relevant rules and industry guidelines say AXA has a responsibility to handle claims promptly and fairly and shouldn't reject a claim unreasonably.

AXA's decision to decline cover

It's not disputed AXA gave authorisation for Mrs B's surgery. And then retracted this and declined cover for the claim. But it doesn't automatically follow that therefore they should have to still cover the full cost.

I've first considered if AXA declined the claim fairly, based on the terms and conditions of the policy. Mr and Mrs B's policy covers them for eligible treatment – that is classed as conventional treatment. Conventional treatment is defined as:

“a treatment that is established as best medical practice and is practiced widely within the UK; and has been approved by The National Institute for Health and Care Excellence (NICE) as a treatment which may be used in routine practice; or has been proven to be effective and save for the treatment of the medical condition.”

Mrs B's consultant told AXA that her case was particularly complex, the surgery wasn't widely practiced in the UK and it wasn't NICE approved. So I think it was fair for AXA to conclude it didn't fall under the criteria for conventional treatment.

The policy provides limited cover for unproven treatments - it says if there is no suitable equivalent conventional treatment then there is no cover available. I've reviewed the available medical evidence, but I haven't seen anything to suggest that there is a suitable equivalent conventional treatment to hyper selective neurectomy. So I don't think AXA were unreasonable to decline cover on that basis.

AXA's handling of the claim

I know Mr and Mrs B feel that AXA should pay the claim due to their incorrect initial advice, but for the reasons already explained above I think AXA's decision was fairly applied so I won't be asking them to cover the claim.

I appreciate why Mr and Mrs B remain unhappy that three different AXA advisors authorised the claim initially. AXA has explained this is because the first advisor made a note on their system to say the surgery was eligible – so this mistake was repeated by the next advisors until AXA told Mrs B the claim wouldn't be covered and removed the note from their system. Although frustrating I think this explanation is reasonable and I'm pleased AXA has said feedback was given to prevent this happening in future.

After Mrs B's consultant spoke with AXA on 27 February 2023 I think they had enough evidence to reasonably conclude that the proposed surgery would be categorised as unproven treatment and not covered. So I think it's unfair they went on to authorise the surgery as this set an unfair expectation with Mrs B that her claim would be covered in full. So I've thought about the impact of AXA's actions on Mr and Mrs B.

I'm mindful that, despite the delay, AXA informed Mrs B that their authorisation had been retracted before the surgery took place. And they were clear that if the surgery went ahead it would need to be self funded. So I'm unable to say Mr and Mrs B suffered a financial loss due to AXA's actions - they made the decision to continue with the operation knowing AXA wouldn't cover the cost.

However AXA's actions did cause Mr and Mrs B distress and loss of expectation, at an already difficult time. And they caused a delay to Mrs B's surgery being completed. So I think the £600 compensation paid by the insurer fairly reflects the impact of this. And there aren't any reasonable grounds I can ask AXA to do anything more here.

My final decision

For the reasons set out above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 30 April 2024.

Georgina Gill
Ombudsman