

The complaint

Mr P is unhappy with how AXA PPP Healthcare Limited (AXA) has applied a policy term on his private medical insurance policy.

What happened

Mr P took out a private medical insurance policy with AXA in 2009. AXA is the underwriter on the policy.

Mr P received a renewal quotation in August 2023 which showed that his No Claims Discount (NCD) had been reduced and which affected his overall premium for 2023. This was because Mr P had made two claims in March 2022 and May 2022.

The first claim was in March 2022, the invoices were received late for this and were paid by AXA in September 2022. The cost of this was £1,375. As a result, this fell into the period which affected Mr P's NCD. The second claim was made for a consultation in May 2022 and the fee for this was £120. AXA received the invoice on 16 June 2022 and paid this on 23 June 2022. The NCD had again been affected.

Mr P made a complaint to AXA. He said the wording of the policy is ambiguous. AXA said the NCD is worked out up to three months before the renewal date. But Mr P says this means it would be entirely at AXA's discretion whether it was three months, two months or one month. He also said AXA hadn't shown it has a policy or timescale for the claim being received and paid. While AXA has said a reasonable timescale is ten days for a payment to be made, once received, this isn't stated anywhere in the policy booklet.

AXA said the invoices for the claim in March 2022 were received late and they were paid in September 2022. AXA said it didn't think this delay was reasonable. It therefore decided, as a gesture of goodwill, to take this claim off Mr P's NCD calculation so his renewal premium wouldn't be affected by this claim.

However, the claim in May 2022 was paid in June 2022, which AXA says was a reasonable timescale. AXA said this claim would be included as part of the NCD calculation and would affect the renewal for 2023. AXA offered Mr P the option of buying back his NCD for the May 2022 claim – this would mean that Mr P would need to pay the cost of the consultation fee of £120 and then his NCD would increase as a result.

Unhappy with AXA's response, Mr P brought his complaint to this service. Our investigator looked into it and didn't think AXA had treated Mr P unfairly. She said AXA had applied the NCD in line with the policy terms and put things right by not including the March 2022 claim in its NCD calculation. She said she can't look into how AXA sets its policy terms and conditions.

Mr P disagreed and asked for the complaint to be referred to an ombudsman. So, it's been passed to me.

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 confirm that it's not this service's role to ask a business to change its policy terms and conditions. This is a commercial decision for the business and a one which we cannot interfere with. Our role is to consider each case on its own merits based on the individual circumstances of the case.

The key issue I therefore need to decide is whether AXA has applied the NCD in line with the policy terms and conditions and whether I think this is fair in the circumstances of this complaint.

I've started by looking at the terms and conditions of Mr P's policy.

Page 37 of the policy booklet states:

'5.5 Your no claims discount

When do you work out the discount for next year?

We work out your discount up to three months before your renewal date. This means that if you make a claim the three months before your renewal, this may not affect your discount until the following year's renewal'

Based on the above, I'm satisfied the policy term explains clearly when the NCD will be calculated.

And page 38 of the policy booklet states:

'Do you date claims from when I receive treatment or from when you pay the claim?

When working out your discount, we use the date we paid the claim, regardless of when you received the treatment. So, if you received treatment on 1 January and we paid for it on 14 January, the date of your claim would be 14 January.'

The above explains AXA uses the date it pays the claim for when the NCD is calculated. I think this is clear.

Mr P says the fact that AXA uses the date it pays the claim, instead of the date when treatment was received/authorised means that there is no clearly defined time period. He says the NCD is therefore unfair in the way it's calculated. I acknowledge Mr P's comment. However, overall, I don't think this is unfair. The terms above are clear in how the NCD is worked out (that is, up to three months before the renewal date) and that the date of payment of the claim is used to make the NCD calculation.

AXA said the timescale in which the second claim in May 2022 was paid was reasonable. Mr P thinks there is nothing in the policy terms which defines what reasonable is. While I acknowledge Mr P's comment, what's reasonable is dependent on the circumstances of the case, and there are many variables which must be taken into account. The context of each claim is different and what's reasonable depends on the circumstances each time. Also, just because AXA has said it thinks ten working days is a reasonable timescale, this can vary and shouldn't be taken as the general standard expected. AXA is entitled to allow a

reasonable amount of time for the payment of a claim and as I've already said above, what's reasonable will depend on many variables. As such, I make no finding on this point.

I can see that AXA has taken the March 2022 claim off the NCD calculation because it considered six months from the date of the claim to the date of payment to be unreasonable. This seems entirely fair. And, at the same time, it considered ten working days for the May 2022 claim to be paid, reasonable. This also seems entirely fair.

AXA has, as a gesture of goodwill, taken the March 2022 off the NCD calculation. I think that is fair and reasonable in the circumstances. If the above policy terms are taken in their strictest interpretation, AXA isn't expected to take the March 2022 claim off the NCD calculation at renewal. This is because, ordinarily, the March 2022 claim would affect the NCD and that would be in line with the policy terms and conditions. And, just because AXA has offered this as a gesture of goodwill, it doesn't mean that it needs to do this for the May 2022 claim as well. I'm satisfied the time taken from the invoice being received on 16 June 2022 and it being paid on 23 June 2022, was reasonable. I'm therefore not persuaded AXA has to do anything different or waive this May 2022 claim, for the purposes of the NCD. I also note that in its policy terms, AXA does make it clear that if a claim is made on a policy, the NCD will be affected. So, overall, whenever a claim is made and AXA pays for it, this will result in the NCD being affected. I appreciate this means the policy premium on renewal will likely increase, but that is the nature of this policy and insurance, in general.

Overall, based on the available evidence, I'm satisfied that AXA has put things right for Mr P. I also think the £120 consultation claim from May 2022 has been applied in line with Mr P's policy terms and I'm not persuaded this ought to be removed from the NCD calculation when the policy renews. As AXA has said, Mr P can pay the £120 fee for the consultation himself which would result in the NCD not being reduced. But that's a decision for Mr P to make and he should contact AXA directly if he wishes to do this.

In summary, as I've said above, it's not this service's role to tell a business to change its policy terms and conditions. I'm not persuaded, in the circumstances of this complaint, that AXA has done anything wrong. It follows therefore that I don't require AXA to do anything further.

My final decision

For the reasons given above, my final decision is that I don't uphold Mr P's complaint about AXA PPP Healthcare Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 15 April 2024.

Nimisha Radia
Ombudsman