

The complaint

Miss F complains about AXA PPP Healthcare Limited's delay in authorising her private medical insurance claims.

What happened

Miss F has a private medical insurance policy with AXA. The policy was put on hold by AXA for July, August and September 2022 as Miss F hadn't paid her premiums.

In August 2022, Miss F told AXA she wanted to make two separate claims, but AXA wouldn't authorise these as the policy was on hold.

Miss F paid her premium for October 2022, and the policy was taken off hold. Miss F continued to pay her monthly premiums. She then paid AXA the outstanding premiums for July, August and September 2022 in early 2023.

In January 2023, AXA told Miss F that it was progressing the claims she'd made in August 2022. It authorised consultations and diagnostic tests for the first claim (relating to stomach problems), and an initial consultation for the second claim (relating to a skin problem). It apologised for the delay.

Miss F complained to AXA. She said she hadn't been able to use the policy, despite paying the premiums since October 2022. She thought AXA should reimburse her for the premiums she'd paid between October 2022 and January 2023.

AXA accepted that once the policy had been taken off hold, it ought to have progressed the claims at that point. It paid Miss F £100 compensation for the delay. Unhappy with this, Miss F brought a complaint to the Financial Ombudsman Service. Our investigator didn't recommend the complaint be upheld. He thought the compensation paid by AXA was reasonable for its delay in authorising the claims.

I issued a provisional decision on 19 February 2024. Here's what I said:

'The policy says a member must pay their subscription when it is due, and if a payment is missed, AXA will cancel the membership.'

Miss F didn't pay her premiums for July to September 2022. She was in discussions with AXA's solicitor at the time about this, and her policy was placed on hold. AXA could have cancelled her membership under the policy terms, and so I don't see anything wrong with AXA placing her policy on hold as an alternative whilst these discussions were ongoing.

There's been some confusion over the date the policy came off hold, but the information I've seen supports that this happened on 24 October 2022. Although there were still three months of premiums outstanding at this point, AXA wasn't treating Miss F as being in arrears (due to the ongoing discussions between Miss F and its solicitor). However, Miss F wasn't told by AXA that her policy had been taken off hold. She therefore had no reason to contact

AXA again about the claims she'd made in August 2022, as she thought her policy was still on hold.

AXA realised in January 2023 that it ought to have progressed Miss F's claims when the policy came off hold in October 2022. So there was a three-month delay that AXA was responsible for.

Although Miss F wants AXA to reimburse her the premiums she paid between October 2022 and January 2023, I don't require it to do so. When a business does something wrong, the aim of this service is to place a consumer in the position they would have been in, if not for the business' error (as far as possible). I've therefore thought about what would have happened if AXA had progressed the claims in October 2022 as it ought to have done.

AXA paid Miss F £100 compensation for the delay, and said this was an ex-gratia payment in respect of the delay for her stomach problem. As I understand it, that's because AXA accepts her claim for the stomach problem was covered under the policy, but was unsure if her other claim (relating to her skin condition) was covered.

Nonetheless, I note that AXA did authorise an initial consultation for Miss F's skin condition. It said it would require more information before it would consider authorising any further investigations or treatment. I don't see anything wrong with AXA wanting more information after the initial consultation before it authorised further treatment, but I think Miss F was still impacted by the delay here. I'll explain why.

Miss F says by the time she was told in January 2023 that her policy was no longer on hold, the policy was due to renew in a few weeks and so she didn't have time to arrange the consultation for her skin condition before the renewal date. Although the policy did then renew and she could have still made a claim for treatment, she had to increase her excess to £500 so that she could afford to continue her cover. So, although Miss F later paid privately to see a dermatologist for her skin condition, I understand she didn't claim for this under the policy, because of the higher excess.

If that's the case, then so long as Miss F's appointment with the dermatologist was an initial consultation (and therefore covered by AXA), then I think this would have taken place before the policy renewed if AXA had progressed the claims when it should have done. I understand Miss F had already paid the £100 excess for the 2022/23 policy year, so the consultation cost would have been covered in full by AXA (in line with any policy limits). In these particular circumstances, I think it would be fair and reasonable for AXA to reimburse Miss F for this cost, plus interest.

As I understand it, Miss F had the investigations for her stomach problem carried out by the NHS. So I can't require AXA to reimburse her for any private treatment here (though if Miss F stayed overnight in an NHS hospital for treatment, I'd be grateful if she could let me know in response to this decision). However, if AXA had progressed Miss F's claim when it ought to have done, then she would have had the investigations done privately, and would likely have been seen sooner. So I intend to require AXA to pay Miss F £200 compensation for this, minus the £100 it has already paid her.'

I asked both parties for any further comments they wished to make before I made a final decision.

AXA responded to say it accepted my provisional decision, so long as the consultation with the skin specialist was with a specialist recognised by AXA. Also, it says it will usually pay £195 for an initial consultation, but Miss F may have paid more.

Miss F responded with the following main points:

- If she'd known AXA would delay things for three months, she would have paid the outstanding premiums sooner.
- She thinks AXA has misled us about the date her policy came off hold. She was told it had been taken off hold on 31 August 2022, but she knew that wasn't the case.
- The initial consultation with the dermatologist was £225, and she has asked for a copy of the invoice.
- She confirmed her stomach issues have been looked at on the NHS and she hasn't had any hospital stays for this.
- AXA's solicitor promised to gift her anything in AXA's power, but then didn't do so.

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 thought about AXA's point that the dermatologist should be recognised by it for the cost to be covered. If AXA hadn't caused any delays and Miss F had been able to have the consultation before the policy renewed in January 2023, then I appreciate she would have needed to see a dermatologist recognised by AXA for the claim to be covered under the policy. But Miss F had no reason to make sure this was the case when she arranged the consultation, as she wasn't claiming for the treatment under the policy.

Miss F says the consultation cost £225. Although a specialist recognised by AXA would apparently charge AXA up to £195, it seems to me that Miss F shouldn't be disadvantaged for arranging the consultation herself when this was due to AXA's delays.

So I think it would be fair in these particular circumstances for AXA to reimburse Miss F the full cost of the consultation, regardless of whether or not the dermatologist is recognised by AXA.

I've noted Miss F's comments about AXA providing misleading information about the date the policy came off hold. As I said in my provisional decision, I recognise there was some confusion about this date, but I'm satisfied this happened on 24 October 2022.

Miss F has confirmed she hasn't had any overnight hospital stays on the NHS for her stomach problems. I therefore remain satisfied that £200 compensation (less the £100 already paid) is appropriate here to recognise the inconvenience Miss F was caused by AXA's delay in authorising this treatment.

Finally, Miss F says that AXA's solicitor promised to gift her anything in AXA's power, but didn't do so. However, I've only considered Miss F's complaint about AXA delaying authorisation for her claims. If Miss F is unhappy about discussions that took place between her and AXA's solicitor, she should raise this with AXA as a formal complaint if she hasn't already done so.

My final decision

My final decision is that I uphold this complaint. I require AXA PPP Healthcare Limited to do the following:

- Reimburse Miss F £225 for the dermatologist appointment (so long as this was an initial consultation) and without deducting an excess. Interest should be added to this

at the rate of 8% simple per annum from the date Miss F paid the invoice to the date of settlement.*

- Pay Miss F a further £100 compensation.**

*If AXA considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Miss F how much it's taken off. It should also give Miss F a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

**AXA must pay the compensation within 28 days of the date on which we tell it Miss F accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 3 April 2024.

Chantelle Hurn-Ryan
Ombudsman