

The complaint

Mrs K complains about the settlement paid by AXA PPP Healthcare Limited for a claim made under a private medical insurance policy. She's also unhappy about AXA's decision to turn down a later claim.

What happened

Mrs K is covered under her employer's group private medical insurance scheme. In 2022, Mrs K had surgery abroad. AXA covered some of the cost.

Following the surgery, Mrs K experienced problems with her vision and needed a second surgery. AXA asked Mrs K for the procedure code, but then advised her the surgery wouldn't be covered because the hospital wasn't in its Directory of Hospitals. When Mrs K said the policy included cover abroad, AXA said she didn't have travel cover and so couldn't claim. AXA then confirmed that those reasons weren't correct. It said the claim wasn't covered because the policy excluded complications as a result of treatment outside the UK, and also second reconstructive surgery wasn't covered.

Mrs K made two separate complaints to AXA. In the first, she complained that AXA wouldn't cover the full cost of her first surgery, and said she was out of pocket by over £8,000. AXA said Mrs K was told that it would contribute £4,800 for the specialist fees and £935 for the anaesthetist fees, as well as £18,958.92 (though I understand there was a typo here, as the actual amount was £18,458.92) towards the hospital fees. This was based on the amount it would have paid for her to have the surgery in the UK.

AXA also said the anaesthetist fees had been based on the length of time the surgery would take in the UK, but it said if the surgery took longer, it would be happy to look at the surgeon's report and consider a possible uplift in fees. AXA accepted there had been delays in responding to Mrs K, and paid her £100 compensation for this.

In the second complaint, Mrs K was unhappy that AXA wouldn't cover her second surgery. AXA accepted that it hadn't been clear with Mrs K why it couldn't cover her claim, but again confirmed that her claim was excluded under the policy. It said Mrs K had been made aware before she had the first surgery that complications wouldn't be covered. However, it recognised that Mrs K was caused inconvenience after she made the claim as she was wrongly asked for the procedure code. It paid her £200 compensation for this.

Mrs K was unhappy with AXA's responses to her complaints, and brought both issues to the Financial Ombudsman Service.

Our investigator recommended the complaint be partly upheld. She noted the first surgery had taken longer than expected, and so recommended that AXA cover the full cost of this, plus interest. However, she thought Mrs K's second surgery was needed due to complications of the first surgery, and that it was therefore reasonable for AXA to say this was excluded under the policy. Finally, she thought the compensation paid by AXA was fair for the customer service issues.

AXA responded to say it could reconsider the amount it had paid towards the surgeon and anaesthetist fees, but it would need a copy of the full operation notes and anaesthetist charts. It didn't agree with our investigator's recommendation that it pay the full cost of the first surgery.

Mrs K also didn't accept our investigator's findings.

I issued a provisional decision on 3 April 2024. Here's what I said:

'I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.'

Mrs K has 'extended cover'. The policy says:

'If you have the Extended Cover Option you have cover for treatment you receive outside of the UK, Channel Islands or Isle of Man.'

We will pay up to the cost we would have paid for you to have the treatment in the UK, Channel Islands or Isle of Man.'

We will pay so long as:

- the treatment is planned before you go abroad*
- the treatment is carried out by a medical practitioner*
- we have agreed the fee before you go abroad for the treatment*
- the treatment would have been covered in the United Kingdom, Channel Islands or Isle of Man.'*

The policy has the following exclusion:

'What is not covered

We do not cover the cost of complications which you get as a result of treatment you have outside of the UK. We recommend you talk about possible complications and their costs with your medical practitioner before you travel. You would be liable for the cost of complications which could be a significant amount.'

AXA's settlement amount for the first surgery

Before Mrs K had the first surgery, she provided AXA with the relevant information about the procedure from her UK specialist and her specialist abroad. Based on this, AXA thought the UK equivalent would cost £4,800 for the specialist fees (this included an uplift to recognise the complexity of the operation), £935 for the anaesthetist fees, and £18,458.92 for the hospital costs. AXA has provided us with details of how it arrived at these figures - the specialist and anaesthetist fees were based on its estimation that the surgery would take between six and seven hours. It has confirmed it paid £24,193.92 towards Mrs K's costs, plus some expenses for out-patient treatment.

Following the surgery, Mrs K's specialist wrote a letter to say that the procedure was complex and took over ten hours. He didn't know why AXA thought the surgery would only take around six hours.

Our investigator recommended that AXA pay the full cost of the surgery, based on the

specialist's explanation that the surgery needed to take the length of time it did. However, I don't agree that it would be reasonable for AXA to do so. For example, I understand the UK hospital costs includes the cost of an implant used. But it seems that the hospital abroad charged this as a separate amount to the hospital costs. Under the policy terms AXA is only required to pay up to what it would have done had the surgery been done in the UK.

Having said that, I appreciate that Mrs K had a complex procedure. Whilst AXA had initially said it would consider an uplift to the anaesthetist fees if the surgery took longer than planned, it may well be fair for AXA to pay a further amount towards both the specialists and anaesthetist fees, as well as the theatre charge (which I understand was a charge per minute), and perhaps some other costs I haven't considered. However, I think it would be reasonable for AXA to review the operation notes and anaesthetic charts first (once provided by Mrs K), and then reconsider the settlement that was paid. If Mrs K is unhappy with the decision made by AXA regarding the settlement, she may be able to bring a new complaint to us.

AXA's refusal to cover the second surgery

I've read the information provided by Mrs K's treating specialist. He explained that the second surgery was needed because the implant that had been inserted in the first surgery had moved, which caused Mrs K to experience vision problems.

I'm satisfied from this that it was reasonable for AXA to say the second surgery was needed because of complications as a result of treatment that took place outside the UK, and therefore turn down the claim.

Also, the policy only covers a member's first reconstructive surgery. AXA considers Mrs K's first operation included this, though Mrs K disputes this. As I understand it, Mrs K's operation involved two procedures. The first was to remove the tumour, and the second was reconstructive cranioplasty. So I think it was reasonable for AXA to say the operation included reconstructive surgery, and therefore the second surgery needed in 2023 (revision reconstructive cranioplasty) wouldn't be covered under the policy, even if the exclusion relating to complications didn't apply.

AXA's customer service

I understand there was around three weeks at the end of 2021 where Mrs K was waiting for a response from AXA regarding her first surgery. AXA then asked Mrs K for information which she'd already provided, which meant it didn't confirm its claims decision until the end of January 2022. I can understand why Mrs K would have found this frustrating, though it's also the case that AXA would have needed some time to consider all the information and work out how much it would contribute towards the surgery. AXA accepts it didn't respond to Mrs K as quickly as it should have done, and paid her £100 compensation for this. In all the circumstances, I think that was appropriate.

AXA also paid Mrs K a separate compensation payment of £200. That was due to its handling of the second claim when this was made. I've considered what happened.

I've listened to the call of 28 January 2022 where AXA confirmed it would contribute towards the cost of the first surgery. It was made clear to Mrs K that AXA wouldn't cover any complications arising from the surgery, nor would it cover second reconstructive surgery. So I'm satisfied that Mrs K was aware of this before she had her first surgery.

Mrs K arranged for the second surgery to take place on 3 March 2023. She then contacted AXA on 3 February 2023 to request authorisation. AXA said it could consider cover but

would need the procedure code. Mrs K spent time obtaining the UK procedure code and provided this to AXA. After this, AXA gave her some reasons for turning down the claim, but these weren't relevant. AXA then confirmed it had given Mrs K the wrong reasons for turning down the claim, but then correctly advised her why the claim wasn't covered.

I would agree that AXA caused Mrs K inconvenience here. Although Mrs K didn't make it clear to AXA that the procedure was needed because of her first surgery which took place abroad, I think AXA could have established this by checking its records. Instead, it asked her for the procedure code which she then went out of her way to obtain by contacting her UK specialist. AXA accepts it should have reminded Mrs K from the outset that the policy excluded complications arising from her first surgery, and also didn't cover second reconstructive surgery.

Mrs K says she went ahead with the second surgery based on AXA's confirmation that it would be covered. However, I see that before Mrs K had the surgery on 3 March 2023, AXA had only said it could consider cover and didn't provide Mrs K with authorisation to go ahead with the surgery. So I don't think AXA led Mrs K to believe the surgery would be covered and that she should go ahead with it.

Taking everything into account, I find that the £200 compensation AXA paid for its handling of the second claim was appropriate.'

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

AXA responded to confirm it accepted my provisional findings.

Mrs K didn't respond with any further comments.

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.

As neither party has provided me with any further comments to consider, I see no reason to depart from the findings I made in my provisional decision. So I've reached the same conclusions, and for the same reasons.

My final decision

My final decision is that I partly uphold this complaint.

I require AXA PPP Healthcare Limited to reconsider the settlement paid for the first surgery once Mrs K provides it with her operation notes and anaesthetic charts.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 16 May 2024.

Chantelle Hurn-Ryan
Ombudsman