DRN-4952093

The complaint

Mrs P complains that Aviva Insurance Limited hasn't settled a dental claim she made on a group private medical insurance policy.

What happened

The background to this complaint is well-known to both parties. So I've simply set out a summary of what I think are the key events.

Mrs P was insured under her employer's private medical insurance policy. The policy was due to renew on 1 September 2023. Mrs P underwent dental treatment in August 2023 and in mid-September 2023, so she made a claim on the policy for the costs of both appointments.

Aviva accepted and settled Mrs P's claim for the August 2023 treatment. And, a few months later, it turned down the claim for the treatment she'd undergone in September 2023. That's because it said Mrs P's employer had cancelled the group policy with effect from 1 September 2023 and had moved to another insurer. So it said it hadn't been providing Mrs P with private medical cover at the point she underwent treatment in September 2023.

Mrs P was very unhappy with Aviva's decision and she asked us to look into her complaint. She provided us with a copy of a policy schedule she'd been issued by Aviva on 14 September 2023, which said that she'd be covered between 1 and 30 September 2023, provided that the premiums were paid in line with the policy terms.

Our investigator didn't think Aviva needed to pay Mrs P's dental claim. That's because she was satisfied that Mrs P's employer had ended the group scheme with Aviva with effect from 1 September 2023 and that the last policy premiums had been paid in August 2023. She felt the policy paperwork, including the September 2023 schedule, made it clear that if premiums weren't paid, the policy would be automatically cancelled.

But the investigator didn't think Aviva had handled Mrs P's claim fairly or reasonably. She felt there'd been an unreasonable delay of around four months between Mrs P submitting her claim and Aviva's ultimate decision to decline it. So she recommended that Aviva should pay Mrs P £100 compensation for the trouble and upset she'd been caused.

Both Mrs P and Aviva disagreed with the investigator and so the complaint's been 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.

Having done so, I think the fair outcome to this complaint is for Aviva to pay Mrs P £100 compensation and I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And

that they mustn't turn down claims unreasonably. I've taken those rules into account, together with other relevant considerations, such as regulatory principles and guidance, the policy terms and the available evidence, to decide whether I think Aviva treated Mrs P fairly.

Was it fair for Aviva to turn down Mrs P's claim?

I've first considered the policy terms and conditions, as these formed the basis of the contract between Mrs P's employer and Aviva. The terms of the group scheme provided up to £450 of dental cover each policy year for policy members, like Mrs P. Page 38 of the policy says:

'Claims will only be paid for treatment by a person who is a member at the time the treatment takes place.'

In this case, Aviva has provided us with evidence which shows that Mrs P's employer's broker asked Aviva to cancel the group private medical insurance policy with effect from 1 September 2023 because her employer was moving to a new insurer. Aviva's also provided us with evidence which shows that Mrs P's employer last paid a monthly premium for the cover in August 2023. This means then that Mrs P wasn't a member of the group scheme with Aviva when her treatment took place in mid-September 2023. And therefore, I think it was reasonable for Aviva to conclude that the claim wasn't covered.

Mrs P has provided us with a copy of a policy schedule which Aviva issued to her on 14 September 2023. This said:

'Period of cover 01/09/23 to 30/09/23 inclusive provided that the premium(s) are paid in accordance with the terms of the policy…

This policy will be cancelled automatically upon non-payment of the premium.'

Aviva has told us that these letters were generated automatically because Mrs P's employer's broker had asked it not to cancel the policy until it had fully arranged alternative cover with the new insurer.

I can understand why Mrs P might have believed her mid-September 2023 treatment would be covered based on the dates set out on the policy schedule. But I think the schedule makes it sufficiently clear that the policy would only provide cover if the premiums were paid and that if premiums went unpaid, the policy would be automatically cancelled. As I've set out above, Aviva has shown that Mrs P's employer didn't pay any premiums after August 2023 and so, no cover was in place when Mrs P underwent treatment.

Taking together all of the available evidence, I don't find that Aviva acted unfairly when it concluded that Mrs P wasn't insured under the group scheme when she underwent treatment in mid-September 2023. So I don't think it was unfair or unreasonable to turn down Mrs P's claim.

Did Aviva handle Mrs P's claim promptly?

As I've explained, the regulator's rules require insurers to handle claims promptly. In this case, it seems that in late September 2023, Mrs P sent the invoice for her treatment in September 2023 to Aviva together with an invoice for the treatment in August 2023. Aviva promptly assessed and paid the August 2023 claim. But its claims notes suggest that a claims decision regarding the September 2023 claim wasn't communicated or explained to Mrs P until 19 January 2024. It seems Mrs P had previously chased Aviva up about the September 2023 claim, but it had referred her back to the settlement of the August 2023

claim.

In my view, it wasn't prompt or reasonable for Aviva to take around four months to assess Mrs P's claim and let her know why it wouldn't be paid. I think it ought to have known from early on after the claim was made that there wasn't any cover in place and that it ought to have communicated this decision to Mrs P far sooner than it did. I think its failure to provide Mrs P with an accurate update on her claim for broadly four months caused her additional, unnecessary trouble and upset, on top of the inevitable disappointment she suffered when her claim was turned down. That's because I think she was put to time and trouble in chasing things up and not receiving an accurate response.

And so I agree with our investigator that it would be fair, reasonable and proportionate for Aviva to pay Mrs P £100 compensation to reflect the distress and inconvenience I think it's caused her.

In summary, whilst I find Aviva acted fairly when it turned down this claim, I don't think it handled the claim as well as it should have done and therefore, I find it must pay Mrs P £100 compensation.

My final decision

For the reasons I've given above, my final decision is that I partly uphold this complaint.

I direct Aviva Insurance Limited to pay Mrs P £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 9 January 2025.

Lisa Barham
Ombudsman