

The complaint

Mr M is unhappy with how AXA PPP Healthcare Limited (AXA) has dealt with his claim on private medical insurance policy.

What happened

Mr M took out a private medical insurance policy with AXA in November 2019 and which is renewed annually each November.

On 8 June 2023, Mr M contacted AXA to obtain authorisation for an initial consultation as he had been referred to see a specialist for a medical condition. The advisor informed Mr M that he was covered and provided names of consultants at a hospital. A follow-up email was sent to Mr M which provided information on the claims process and contact information for the consultants.

On 13 June 2023, Mr M sent an email to AXA asking if he was covered for another one of the consultants as he couldn't get an appointment with the consultant that he wanted to see earlier than July. AXA confirmed that he was covered for the other consultant.

In October 2023, the tests didn't resolve the issue with Mr M's condition, so he informed AXA he was going to see the initial consultant. AXA confirmed this consultant was also fully covered and a consultation was approved.

On 11 March 2024, Mr M called AXA as he'd been asked to pay for the balance directly by his consultant. AXA asked Mr M if he had asked for pre-authorisation before his appointment, but he said he hadn't done this. And it also seemed that the reimbursement was for 60% rather than 100% for this consultant. Mr M said he hadn't been made aware of this. AXA called Mr M back on the same day and said it will cover the full cost of the consultation but going forward will only cover 60% as per the terms of the policy for this consultant.

Mr M was unhappy with this as he was told by AXA he would be fully covered when he asked in June and October 2023. He said if he had to use a new consultant going forward, he would have to bring them up to date with his condition and that would mean having to restart. Mr M said AXA should cover 100% of the fees as it sent communication to confirm the consultant was fully covered.

He made a complaint to AXA. It issued a final response on 24 March 2024 and said it made an error in informing Mr M that the consultant was fully covered. To put this right, AXA said it's covered all the shortfalls in the invoices until that day. It said the action taken to cover the shortfalls was sufficient to put things right and apologised.

Unhappy with AXA's response, Mr M brought his complaint to this service. He said AXA should continue to pay for any shortfalls for any treatment he may need going forward with this consultant. Our investigator looked into it and upheld the complaint. She recommended for AXA to award £400 compensation for the distress and inconvenience caused to Mr M.

Mr M accepted the investigator's findings.

AXA didn't accept and offered £100 compensation and then increased this to £250. It didn't think £400 compensation was fair and reasonable in the circumstances of this complaint. The complaint has therefore been referred to me to decide.

In summary, it said:

- Overall, it has overpaid £339 for the consultant's fees to put things right.
- Bearing in mind that AXA has already paid for more of the consultant's fees than it should have, it believes the redress for its errors should be £250.

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 insurance industry regulator, the Financial Conduct Authority ('FCA'), has set out rules and guidance for insurers in the 'Insurance: Conduct of Business Sourcebook' ('ICOBS').

ICOBS says that insurers should act honestly, fairly and professionally in accordance with the best interests of their customers, and that they should handle claims promptly and fairly.

I've started by looking at the terms and conditions of Mr M's policy with AXA as they form the basis of the contract between the two parties.

The policy terms and conditions

Page 17 sets out the cover available for specialists:

'3.6 Paying the specialists and practitioners that treat you – cover for all

Does my policy cover the full fees charged by specialists?

When your treatment is covered and it is provided by a specialist who is a Health For You specialist, we will pay the charges in full. If you use our Fast Track Appointments service, and you would like us to book your appointment for you we will book it with a Health For You specialist.

If your treatment is provided by a specialist who is not a Health For You specialist but who is recognised by AXA PPP healthcare, we will pay 60% of the charges that would normally be paid by AXA PPP healthcare. You will be responsible for paying the remaining charges.

If your treatment is provided by a specialist who is neither a Health For You specialist nor recognised by AXA PPP healthcare, you will be responsible for paying the full amount of the charges.

Not all specialists and specialties are available at all private hospitals. We strongly recommend that you call us on XXXX before you arrange a consultation or treatment so that we can check that you're covered.'

Based on the above, it's clear that for treatment by a specialist who is not a 'Health For You' specialist but is recognised by AXA, it will pay 60% of the charges that would normally be applied.

I'm satisfied that as per the terms and conditions of Mr M's policy, AXA is entitled to pay only

60% of the charges that are incurred by a specialist who is recognised by AXA. So, I don't think it's reasonable that AXA should continue paying 100% of the charges that are incurred by any treatment carried out by the consultant Mr M continues with. This isn't fair or reasonable. Mr M has been informed of the terms that apply and it's not unreasonable for AXA to cover 60% of the charges only going forward.

Is the distress and inconvenience award fair?

When deciding whether an award is appropriate for the distress and inconvenience caused, we are required to think about all the various factors that have impacted because of an error that's been made. And we must think about the impact of that error and not just the error itself.

I've therefore carefully thought about what's happened here and the impact that AXA's error has made on Mr M.

AXA says it has already put things right by overpaying the shortfall on the fees that Mr M has incurred. It offered an award of £250 to resolve the issues. But our investigator recommended £400 instead for the impact caused.

I agree that AXA should only pay 60% of the charges as per the terms of the policy for the consultant that Mr M is having treatment with. And the remaining amount is Mr M's responsibility to pay going forward. I say this because had the error in communication hadn't occurred, Mr M would always have had to do pay the remaining 40% of the charges that were incurred.

There was an error though and AXA apologised, paid any shortfalls and offered £250 for the impact caused to Mr M. I agree that paying for the shortfalls is fair in the circumstances here, but I think the award for compensation should be £400, as recommended by our investigator.

I say this because Mr M contacted AXA twice to ask it whether the consultant was fully covered. AXA said he was fully covered both times. This happened in June 2023 and October 2023. Mr M therefore went ahead with the treatment with his chosen consultant. AXA had the second opportunity to put things right in October 2023, but it again didn't do this. It wasn't until March 2024 that the full impact of the error came to light. By this time, Mr M had started treatment under his chosen consultant and in March 2024, by changing his consultant, he would have had to start again with someone new. Additionally, further confusion was caused when AXA suggested the consultant may have changed his contract with AXA between October 2023 and March 2024. Mr M was suffering with a sensitive medical condition and therefore restarting with a new consultant was difficult for him. AXA had the opportunity to be more sensitive to his condition and provide options that may have been available to him. And had Mr M been given the correct information at the start, the additional costs he's had to pay since March 2024, would also potentially would not have been incurred if he'd chosen a 'Health For You' specialist.

Overall, I'm satisfied in the circumstances of this complaint, £400 is a fair and reasonable award for the errors in AXA's communication, the confusion caused, and the distress and inconvenience caused to Mr M. This impact was caused over a few months. While it's encouraging to see that AXA covered the shortfall payments for Mr M, I don't think it went far enough in recognising the impact caused to Mr M.

Putting things right

AXA needs to put things right by:

- Pay Mr M £400 compensation for the distress and inconvenience caused to him.

If this takes longer than 28 days, AXA must give Mr M a meaningful update setting out the timeframe when it will settle the complaint.

My final decision

For the reasons given above, I uphold Mr M's complaint about AXA PPP Healthcare Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 October 2024.

Nimisha Radia
Ombudsman