

The complaint

Mr M complains because he says AXA PPP Healthcare Limited didn't cancel his private medical insurance policy when he asked it to.

What happened

Mr M took out a personal private medical insurance policy with AXA in January 2022. In May 2023, Mr M took out a new personal private medical insurance policy with an insurer I'll call B. But Mr M's policy with AXA remained active and premiums continued to be debited from his account.

In January 2024, Mr M got in touch with AXA after he received a renewal statement. He said he'd asked AXA to cancel the policy in May 2023. So he asked AXA to refund the premiums he'd paid for the cover.

AXA said there was no record of Mr M getting in touch with it in May 2023 or any record of Mr M asking to cancel the policy. So it didn't agree it had made any error.

Mr M was unhappy with AXA's position and he asked us to look into his complaint.

Our investigator didn't think there was enough evidence to show that Mr M had asked AXA to cancel the policy in May 2023. So she didn't think it needed to refund all of the premiums he'd paid from that date. However, she felt that as Mr M had held dual cover between May 2023 and January 2024, it would be reasonable for AXA to refund 50% of the premiums Mr M had paid after his cover with B began. And she also recommended that AXA should pay interest of 8% on the refunded amount after 15 January 2024.

AXA disagreed. In brief, as the investigator had found no evidence that Mr M had asked for the policy to be cancelled in May 2023, it didn't think it had made any error. And it didn't think the policy with B had offered identical cover, so it considered Mr M could have opted to make use of whichever policy benefited him the most for a particular type of treatment. It didn't agree that this was a shared risk.

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 agree with the conclusions reached by our investigator and I'll explain why.

The relevant regulator's principles say that financial businesses must pay due regard to the interests of their customers and treat them fairly. I've taken the regulator's principles into account, together with other relevant considerations, such as the policy terms and the available evidence, to decide whether I think AXA treated Mr M fairly.

Did Mr M ask to cancel the policy?

I've first considered the policy terms and conditions, as these form the basis of the contract between Mr M and AXA. The policy says that the plan runs for one year. However, the contract also says that a member can cancel the plan outside of the cooling-off period from the next monthly payment date.

In this case, Mr M says he asked AXA to cancel his plan in May 2023. He says that he called AXA to do so and was assured his request had been received. AXA says it has no record of a call from Mr M in May 2023 or any record of receiving any email requests from him either. I've thought about this carefully.

AXA has provided us with a copy of its system notes which span from January 2022 until September 2023. The only call in May 2023 appears to have been from B itself querying whether Mr M's policy with AXA had an end date. There appears to have been no other phone contact around that time, or in April or June 2023 either. And AXA's system records don't show that Mr M sent any emails to it in or around May 2023.

On that basis, on the balance of probabilities, I don't think I could fairly or reasonably find it's more likely than not that Mr M did ask AXA to cancel his policy in May 2023. So I don't think it would be fair for me to direct AXA to refund all of the premiums he's paid since he's held the policy with B.

Would it be fair and reasonable for AXA to refund 50% of Mr M's premiums?

AXA doesn't agree that it would be fair to require it to refund any of Mr M's premiums for the period he was dually insured, given it didn't make any error. Having compared Mr M's policy certificate for the cover he held with A in 2023 against his policy certificate with B in 2024, I accept that the cover isn't identical. However, in my view, the main benefits of the policy are similar enough for me to conclude that Mr M likely did believe he was replacing his policy with AXA with the cover provided by B. I think the policy benefits are too similar for me to reasonably find that Mr M intended the policies to complement one another.

In cases such as these, where it seems a policyholder accidentally holds dual cover, I generally think that the fair outcome would be for the insurer to refund 50% of the premiums that policyholder paid during the period of dual insurance. Taking into account the level of cover provided by both policies here, it seems to me that AXA's liability under the policy would most likely have been 50% of the costs of any treatment Mr M underwent. And therefore, in my view, AXA should receive 50% of the premium Mr M paid in order to match the risk I think it was taking. So I don't find it would be fair or reasonable for AXA to keep 100% of Mr M's premiums for the period of dual insurance when I think it was likely only liable for 50% of the risk. And I also think AXA ought to have offered such a settlement when it became aware that Mr M had dual insurance.

Putting things right

As such, I'm satisfied that to put things right, AXA must:

- refund 50% of the premiums Mr M paid between 12 May 2023 (the date his policy with B began) and the date the policy was cancelled; and
- Add interest at an annual rate of 8% simple to the refund amount from 15 January 2024 until the date of settlement.* This interest award reflects the period AXA has retained Mr M's full premiums since it became aware that he was dual insured.

* If AXA considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr M how much it's taken off. It should also give Mr M a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

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

I direct AXA PPP Healthcare Limited to put things right as I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 December 2024.

Lisa Barham
Ombudsman