

The complaint

Mrs and Mr C complain that AXA PPP Healthcare Limited has added dependants to Mr C's group private medical insurance policy on the wrong underwriting terms.

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.

In November 2022, Mr C was added to his employer's group medical insurance policy. Mr C's cover was underwritten on Medical History Disregarded (MHD) terms. Subsequently, in March 2023, Mr C asked his employer's broker, which I'll call W, about adding his dependants to the cover, although he didn't go ahead with it at that point.

Subsequently, in late 2023, W contacted AXA to ask it to add Mrs C and Mr and Mrs C's children (who I'll call Miss C and Master C) to the cover on MHD terms. AXA told W that Mrs C, Miss C and Master C would be added on moratorium underwriting terms unless there'd been a significant life event. W told AXA that Mr and Mrs C and their children had moved in together for the first time, although this doesn't appear to have been the case.

AXA added Mrs C, Miss C and Master C to Mr C's cover on moratorium underwriting terms, although it appears W informed Mr and Mrs C that the dependants' cover had been set-up on an MHD basis.

In January 2024, Mrs C contacted AXA to make a claim for Miss C. At that point, AXA told Mrs C that she, Miss C and Master C were covered on moratorium terms. It said they could only have been insured on MHD terms if they'd been added to the cover within 13 weeks of Mr C becoming a member of the group scheme.

Initially, AXA turned down Miss C's claim because it thought her symptoms had existed before the policy began and so it concluded that the claim was excluded under the moratorium.

Mrs and Mr C were very unhappy with AXA's decision and they asked us to look into their complaint. They considered that the dependants' cover should have been underwritten on an MHD basis and that it had been unfair for AXA to turn down Miss C's claim.

While the complaint was with us, AXA received further medical evidence from Miss C's treating specialist which showed that Miss C had been experiencing some new symptoms. Based on that evidence, it agreed to cover an initial consultation, minor diagnostic tests and a further consultation.

Mrs and Mr C told us that they still wanted us to consider the way AXA had set-up the policy. They didn't think the policy terms had been made clear enough to Mr C when he was enrolled on the scheme.

Our investigator didn't think Mrs and Mr C's complaint should be upheld. He explained that

we couldn't hold AXA responsible for W's or Mr C's employer's actions. He felt the group scheme rules made it sufficiently clear that dependants could only be insured on MHD terms if they were added to the cover within 13 weeks of the lead member joining the policy. As Mrs C, Miss C and Master C had been added to the policy over a year after Mr C's enrolment on the scheme, the investigator felt AXA had treated Mrs and Mr C fairly.

Mrs and Mr C disagreed. In brief, they didn't think AXA had made the policy requirements clear enough. They told us that they'd previously held MHD cover, including with AXA. They explained that both Mrs C and Miss C have health conditions, which means holding MHD cover is very important to them. So they said if Mr C had been made aware of the need to add dependants to the policy within the 13-week limit, he would've ensured this was done.

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, whilst I'm very sorry to disappoint Mrs and Mr C, I don't think AXA has treated them unfairly and I'll explain why.

First, I was sorry to hear about Mrs C and Miss C's health conditions and it's clear that the family has been through a very worrying and difficult time. I'd also like to reassure Mrs and Mr C that while I've summarised the background to their complaint, I've carefully considered all they've said and sent us. In this decision though, I haven't commented on each point that's been raised and nor do our rules require me to. Instead, I've focused on what I think are the key issues.

It's clear Mrs and Mr C believe that AXA made a mistake when it added Mrs C, Miss C and Master C to Mr C's existing cover. They consider their cover should have been set-up on an MHD basis, rather than on moratorium terms. So I've considered whether I think AXA did make an error in its administration of the policy and whether I think AXA has treated Mrs and Mr C fairly. In making my decision, I've taken into account relevant considerations, such as regulatory rules and guidance, the policy terms, the law and the available evidence.

I must make it clear that my decision will only consider whether I think AXA administered Mrs and Mr C's policy fairly. This insurance policy is provided as a benefit of Mr C's employment. The insurance contract was made between Mr C's employer and AXA – Mr C's employer is the policyholder. And Mr C's employer agreed the terms of the insurance contract with AXA. Mr C is a beneficiary of the insurance policy, but AXA didn't sell it to him directly. Therefore, I don't find AXA was responsible for highlighting key terms of the contract to Mr C at the time of sale. It seems W was responsible for the day to day administration of the policy on Mr C's employer's behalf, including enrolling new members onto the scheme. W *wasn't* acting on AXA's behalf and therefore, AXA isn't responsible for any of W's actions.

Mrs and Mr C have provided evidence which shows that Mr C didn't originally receive his policy documentation and that his employer chased this up with W in March 2023. But AXA has sent us copies of Mr C's welcome letter and membership certificate which are both dated 29 November 2022. So I think it's more likely than not that AXA did produce the policy paperwork, which it says it sent on to W for onward sending. It's unfortunate that Mr C didn't receive this information. However, as I've said, I can't hold AXA responsible for any of W's actions (or potential inactions).

Next, I've considered the contract terms and conditions. The group plan terms explain when

family members may be added to the scheme on MHD terms. The contract explains that family members on an MHD plan will only be eligible for MHD if they join at the same time as the lead member or they join within 13 weeks of the date the lead member joins.

In this case, Mr C (the lead member) was added to the policy in November 2022. But Mr C didn't ask to add Mrs C, Miss C and Master C to the cover until late 2023 – which was significantly more than 13 weeks later. Based on the contract terms then, I don't think it was unfair for AXA to conclude Mr C's dependants weren't eligible for MHD cover and to instead insure Mrs C, Miss C and Master C on moratorium terms.

It's clear that W led Mrs and Mr C to believe that Mrs C, Miss C and Master C had been insured on MHD terms. But I don't think AXA ever indicated to W that cover had been set-up on that basis. W requested MHD cover for Mr C's dependants. But AXA clearly explained to W that Mr C was out of time to add dependants on an MHD basis, although it asked W for information about potential lifestyle events which could affect its underwriting decision. W wrongly told AXA that Mrs and Mr C and their family had just moved in together for the first time. If this had been the case, then it's most likely MHD cover would have been offered for the family at AXA's discretion.

But, ultimately, Mrs and Mr C's change of address wasn't a lifestyle event which would have led to AXA offering Mrs C, Miss C or Master C MHD cover. And ultimately, AXA didn't confirm to W that MHD terms had been offered. The policy documentation AXA issued stated that Mrs C, Miss C and Master C were insured on moratorium terms. It remains the case that Mrs C, Miss C and Master C weren't eligible for MHD cover in any event. And AXA isn't responsible for any incorrect information W gave Mrs and Mr C about the type of cover they held. So I don't think AXA have made any errors that have caused them to lose out.

I don't doubt how upset Mrs and Mr C and their family were when they learned that they didn't all have MHD cover. It's clear how important having this cover was to them and I'm sorry to cause them further disappointment. But I don't think AXA acted unfairly when it concluded that Mrs C and the children weren't eligible for MHD cover. And so I don't think it made any errors when it set-up the policy.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 18 March 2025.

Lisa Barham
Ombudsman