

The complaint

Mr S is unhappy that Heath Crawford Limited (HCL) mis-sold a private medical insurance policy to him.

What happened

Mr S took out a private medical insurance policy which started on 3 June 2024. HCL sold the policy on an advised basis. HCL recommended the policy after assessing Mr S's needs to ensure it was right for him.

The policy was set up on a moratorium underwriting basis. This means that no medical underwriting takes place at the start of the policy. Instead, claims are assessed based on information the policyholder provides and any medical information that's required. And any pre-existing conditions from the previous five years of starting the plan are excluded which can become eligible for cover if the policyholder has been symptom free for two continuous years after the start of the plan.

Mr S made a claim on his policy to the insurer, but it was declined. The insurer said pre-existing medical conditions were not covered under the policy. Mr S made a complaint to HCL. He said he was led to believe that conditions related to his pre-existing medical conditions would be covered as long as there had been no change in treatment or medication.

HCL reviewed Mr S's complaint. It said the policy hadn't been mis-sold and it wasn't correct that it said Mr S's pre-existing medical conditions would be covered.

Unhappy, Mr S brought his complaint to this service. Our investigator didn't uphold the complaint. He didn't think the policy had been mis-sold.

Mr S disagreed and asked for the complaint to be referred to an ombudsman. So, it's been passed to me.

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 relevant industry rules and guidance states that in an advised sale, the seller needs to make sure the policy is right for the consumer.

From the information available, HCL sold the policy to Mr S on an advised basis.

The key issue in dispute is that Mr S believed he would be covered for related pre-existing medical conditions. But when he made a claim, it was declined.

I understand most of the evidence centres around the telephone conversations. But for completeness, as well as listening to the call recordings of discussions that took place

between HCL and Mr S, I've also looked at the point-of-sale documents and information about what happened during the sales process.

Telephone calls

I don't propose to go through each of the telephone calls. But I've listened to them and will focus here on what I consider to be the heart of the matter rather than commenting on every issue and point made in turn.

There were four relevant calls made between Mr S and HCL.

In his initial call to HCL, Mr S said he wanted private medical insurance. He explained his main concern was that the healthcare provided by the NHS wasn't as it used to be and that he needed peace of mind.

In the first two calls, Mr S and HCL mostly discussed a policy with another insurer, but they did have a conversation about what moratorium underwriting means and how this would apply to Mr S.

In the third call, Mr S said he was concerned that his pre-existing medical conditions wouldn't be covered with the insurer they'd been discussing, and he didn't see the point of taking the policy. So, an alternative insurer was discussed. HCL said this other insurer covered related conditions.

The advisor said:

'So again, just to make you aware of [the insurer] did not exclude related conditions under the moratorium terms. So, this means that if you develop a new condition that is related to any of your pre-existing conditions, as long as you don't have any symptoms, treatment, medication or advice relating to the new condition in the five years prior to the policy start date, this will be eligible to claim for.'

During the telephone conversations, Mr S said he has pre-existing medical conditions. He informed HCL of his pre-existing medical conditions and also said that these were controlled under the care of his GP. However, Mr S didn't let HCL know that he had a hiatus hernia and that he was taking medication for this condition. I note over the course of the telephone conversations, HCL did ask Mr S, on a few occasions, about any other pre-existing medical conditions that Mr S had. So, Mr S did have the opportunity to inform HCL about the hiatus hernia. It's true that Mr S didn't have to go through the full medical underwriting as the policy they were considering was going to be on a moratorium basis. But HCL did ask, apart from the medical conditions already noted, was there anything else Mr S wanted to tell HCL about. HCL also asked if Mr S had any symptoms, treatment, medication, or advice that he had in the last five years. Mr S answered 'No' but then he informed HCL about another condition that he hadn't previously told him about. So, as far as HCL was concerned, the pre-existing medical conditions that Mr S informed HCL about were captured. HCL then asked further questions and confirmed what the moratorium underwriting meant for this particular policy to ensure that the policy was suitable. Whilst Mr S wasn't required to go through a full medical underwriting, it was important that he gave information to HCL which could potentially have affected the recommendation it was making. From the information available, Mr S informed HCL about his pre-existing medical conditions but he didn't inform HCL about the hiatus hernia or that he had been taking medication for this.

I also note HCL said, in the last call, that related conditions weren't excluded under the moratorium terms. The advisor confirmed that if Mr S gets a new condition that's related to an old one, he could make a claim if he hadn't had any symptoms, treatment, medication, or

advice about this in the five years before the policy starts.

I agree that Mr S did say he didn't want to pay premiums then something happens, and he won't be covered. But an alternative insurer was then discussed which provided cover for related conditions on the policy moratorium terms. And whilst the insurer wouldn't cover for Mr S's pre-existing conditions straight away, the advisor explained, if anything were to arise related to a pre-existing condition, they would cover this.

Mr S says he took this to mean that he would not be covered for a pre-existing condition as it stood but could be covered, if it got worse. I appreciate this but I would have expected Mr S to seek clarification of this if his understanding was unclear.

HCL, in the last call, did clarify whether Mr S's situation about his pre-existing medical conditions had been captured. The advisor rechecked his understanding before he recommended the policy that Mr S took out.

Based on the telephone discussions that took place, I think HCL did explain clearly what the moratorium terms meant for the policy Mr S had agreed to taking out. And whilst I understand Mr S didn't have a claim accepted for the hiatus hernia, the policy didn't preclude him for potential future cover for other medical conditions. I understand that the cost of the policy was also a concern, but the primary concern was how the moratorium terms applied. And I think HCL did explain this over the course of the telephone discussions as it would have been expected to.

The policy documents

In addition to the telephone discussions that took place, Mr S was also sent the relevant policy quotation and policy documentation.

On 3 June 2025, Mr S was sent a quotation for the policy recommended, a statement of demands and needs, and the terms of business. And HCL informed Mr S that when the policy documentation arrived, he should check to ensure all the information was correct and if not, to contact it immediately. Any if there were any queries or concerns then to also contact HCL.

The demands and needs statement confirmed that Mr S wanted the greatest level of cover taking into account his budget, location and medical history. It confirmed the underwriting choice:

'Instead of completing a health history questionnaire, you (and your dependants if they have also applied) accept that any conditions you've had in the five years prior to joining [the insurer] will only be covered once you have been a member of [the insurer] for two years in a row and had two years in a row free of symptoms, treatment, tests, medication or advice for that condition.'

The terms of business document provided the option to cancel the policy within 14 days if the policy no longer met Mr S's needs.

I also note an email that was sent to Mr S by HCL on 31 May 2025. This said:

'Please note – [the insurer] do not exclude related conditions under their moratorium terms.'

I note Mr S did say he didn't want to pay premiums and then something happens, and he won't be covered. But HCL then discussed an alternative insurer, which provided cover for

related conditions. It said while they wouldn't cover for Mr S's pre-existing conditions straight away, if anything were to arise related to a pre-existing condition, they would cover this. They discussed some examples of how this would work.

The policy was set up on a '*Standard Moratorium*' underwriting basis. The policy certificate explains:

'Standard Moratorium

Benefits will not be available for treatment of any condition suffered if a member had symptoms, medication, treatment or advice in connection with that condition in the five years before the start of your policy. However, we will cover a pre-existing condition if a member does not have symptoms, medication, treatment or advice in connection with that condition during a continuous two year period after the start of your policy.'

Overall, having looked at what happened during the sales process, I don't think HCL mis-sold the policy to Mr S. I'm satisfied the information provided to Mr S was based on the answers he gave during the telephone discussions. And following this, post-sales documentation was also sent to Mr S which gave him the opportunity to amend or cancel the policy if he wasn't satisfied it covered his needs – and for him to ask any further questions if he needed further clarification. I'm sorry to disappoint Mr S. But I'm not persuaded that HCL mis-sold Mr S the private medical insurance policy. It follows therefore that I don't require HCL to do anything further.

My final decision

For the reasons given above, I don't uphold Mr S's complaint about Heath Crawford Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 July 2025.

Nimisha Radia
Ombudsman