

The complaint

Mr and Mrs W have complained that AXA PPP Healthcare Limited (trading as AXA Health) declined cover for an operation on a private medical insurance policy.

As it is Mr W leading on the complaint, I will mostly just be referring to him in this decision.

What happened

Mrs W was a member of a group insurance contract, provided by her employer ('the group'), with Mr W added as a family member.

On 5 September 2024 he underwent surgery that had been pre-authorised by AXA. However, he was subsequently told that cover would not be provided due to being instructed by the group to remove Mrs W's membership, with a date effective from the beginning of August 2024.

Our investigator thought that AXA had acted reasonably in declining the claim. Mr W disagrees and so the complaint has been passed to me for a decision.

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.

I've carefully considered the obligations placed on AXA by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for AXA to handle claims promptly and fairly, and to not unreasonably decline a claim.

Looking at the policy terms, under Rights and responsibilities', they state:

'All cover ends when the group membership ends. If the lead member leaves the group, cover for the lead member and their family members ends. The group is responsible for paying the premium. We will pay for covered costs under the terms of this plan when treatment takes place in a period for which the premium has been paid. We will not pay any costs for treatment or services received after the end of your period of cover under the plan even if we had already preauthorised it.'

As I understand it, in relation to Mrs W's workplace, her employer transferred the business over to another company, meaning that her employer changed. Her last day of working for her former employer was 1 August 2024.

Having been referred to a specialist by his GP, Mr W contacted AXA on 5 August 2024 to seek approval for a medical procedure and cover was confirmed. He rang again on 4 September 2024 to check he had cover for the operation the following day. At both of these times, AXA was unaware that Mrs W was no longer working for the group and Mr W didn't mention it. It was on 5 September 2024 that it received the instruction to cancel cover and backdate the cancellation to the beginning of August 2024.

Had Mr W mentioned it to AXA, I think it's likely it would have informed him that cover normally ended at the point when someone left employment with a group and he would then have been prompted to seek clarification from his wife's former employer.

As far as I'm aware, Mrs W didn't receive anything in writing about the status of the insurance as part of the transfer of her employment. Mr W says his wife's former line manager told her that membership would continue until January 2025. They clearly took this at face value rather than seeking more formal assurances. Therefore, whilst it is the responsibility of a policyholder to update an insurer of any change of circumstances, I can perhaps understand why Mr W didn't mention it during his calls with AXA. However, I can't hold AXA responsible for the actions of the former employer in either misinforming them or for reneging on an agreement to maintain their membership until January 2025.

The membership was cancelled by the former employer, rather than by AXA. And AXA acted reasonably in following instructions to backdate the cancellation, in line with its contractual arrangements with the group.

Mr W says he can't accept that cover can be cancelled when there is an active claim. However, the policy terms are clear that cover comes to an end when a lead member (in this case, Mrs W) leaves the group and that even pre-authorised claims won't be covered. I appreciate however, that Mrs W didn't 'leave the group' of her own accord but that it was her former employer who advised AXA that she was no longer a member.

I have a great deal of sympathy for Mr W's situation. He clearly thought he had cover in place for his operation. But the matter at hand is whether AXA has done anything wrong, and I'm unable to conclude that it has.

Overall, based on the available evidence, I'm satisfied that AXA acted fairly and reasonably in declining the claim, in line with the policy terms and conditions.

My final decision

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 11 June 2025.

Carole Clark
Ombudsman