

The complaint

Mr R has complained about the way that AXA PPP Healthcare Limited assessed the No Claims Discount (NCD) on a private medical insurance policy and the resulting impact on his 2024 renewal premiums.

What happened

Mr R's policy year starts and ends in December each year, with the renewal date being 6 December.

AXA uses the cost of any treatments in a policy year to calculate the following year's NCD. However, for administrative purposes, it uses the date that invoices are paid as the significant date. Also, there is a cut-off point of around three months before renewal for making such calculations. Therefore, in this case, any invoices paid after 8 September would not form part of the consideration for the next renewal but would form part of the calculation for the following year.

During July to September 2023, Mr R had consultations and treatment at a particular hospital that resulted in five invoices being generated. Given that his policy year runs from December to December, he had an expectation that all of the invoices would be included in the NCD calculation for the December 2023 renewal. However, as the last two invoices were paid after 8 September 2023, they had an impact on the December 2024 renewal.

In response to his dissatisfaction, AXA acknowledged that the fourth invoice could have been paid before the cut-off date, so it removed the value of that from the 2024 NCD calculation.

Invoice 5 was for £130, for a consultation that took place on 14 September 2023. Therefore, AXA maintained its stance that that had been correctly included in the 2024 calculation.

Our investigator thought that AXA had acted reasonably, in line with the policy terms and conditions. Mr R 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.

I've also considered the Financial Conduct Authority's overarching Principles for Businesses. That includes Principle 12 ('the Consumer Duty') which says a firm must act to deliver good outcomes for retail customers (such as acting in good faith and avoid causing foreseeable harm).

The policy terms state:

'When do you work out the discount for next year?

We work out your discount up to three months before your renewal date. This means that if you make a claim in the three months before your renewal, this may not affect your discount until the following years renewal.

Do you date claims from when I receive treatment or from when you pay the claim?

When working out your discount, we use the date we paid a claim, regardless of when you received the treatment. So if you received treatment on 1 January and we paid for it on 14 January, the date of your claim would be 14 January.

What do you count as a claim?

If we pay any money, no matter how little, we count as a claim when working out your discount.

If I want to keep my discount, should I pay for treatment myself?

If you pay for your treatment yourself or have it on the NHS, this will not affect your discount level. So if your treatment only costs a small amount, when you come to renew your membership, you can choose to pay us back for any claims we have paid during the previous year. We will then re-calculate your no claims discount and subscription.'

Firstly, it's important to make clear that we're not the industry regulator. We have no power to regulate the financial businesses we cover, nor to direct them to change their processes or procedures. Our role is to investigate individual complaints made by consumers to decide whether, in the specific circumstances of that complaint, a financial business has done something wrong which it needs to put right. Therefore, AXA's process of calculating the NCD three months prior to the renewal date isn't something that I can reasonably consider here.

Policyholders have a pay-back option to avoid a change to their NCD. Mr R paid back the £130 for invoice 5 and therefore his NCD for 2024 wasn't adversely affected in the end.

Mr R's treatment involved an initial consultation on 21 July 2023 (invoice 1), a medical procedure on 22 August 2023 (which generated invoices 2,3 and 4) and a follow-up consultation on 14 September 2023 (invoice 5).

The crux of Mr R's complaint is that the process wasn't made sufficiently clear to him, which resulted in his treatment costs affecting both the 2023 and 2024 renewal. He says that, if the process had been more transparent, he would have delayed his treatment until after 8 September 2023. As it is, he feels that he is £130 out of pocket.

Upon purchasing the policy, Mr R would have been advised to read the membership handbook to ensure that the policy met his needs. Upon renewal, the membership guide refers policyholders to the handbook for full details of their cover.

Consumers are expected to take responsibility for the decisions they make. But to do this, insurers need to provide them with information that is clear, fair and not misleading, so that they can make an informed choice.

I'm satisfied that the policy wording, as set out above, makes it clear that AXA starts to calculate the NCD up to three months prior to the renewal date.

Private medical insurance policies provide a broad range of benefits and it's inevitable that the full policy document is therefore rather long, and a summary document can only say so much. They are also relatively expensive products. Therefore, although Mr R disagrees, I consider it is reasonable to expect policyholders to familiarise themselves with the policy terms, and it is their responsibility to do so. And AXA provides a timely reminder of this at inception and renewal.

Mr R has provided an example of some recent correspondence which mentions the NCD but then simply refers him to the handbook for details. On balance, I consider this to be reasonable, given that access to the handbook is readily available online. Whilst being 44 pages long, page 1 provides a list of contents, highlighting that section 5 contains information about how the NCD works.

I've thought about what Mr R has said about the timing of when information is provided. He made the claims online and thinks that the email responses should include a warning about how the date of treatment might impact the NCD. However, the correspondence at those times is rightly focused on clinical matters and whether or not the claim can be accepted. I'm not persuaded there was any breach of the FCA rules in not also mentioning matters around the NCD on those occasions.

Overall, I'm satisfied that AXA has met its obligations to provide information that is clear, fair and not misleading by setting out in the handbook details of the NCD, including the three-month cut-off point for its calculation.

I appreciate the strength of Mr R's feelings and therefore understand he will be disappointed by my finding. However, I'm unable to conclude that AXA has done anything significantly wrong. It follows that I do not uphold the complaint.

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 R to accept or reject my decision before 16 October 2025.

Carole Clark
Ombudsman