

The complaint

Ms B has complained that Aviva Insurance Limited hasn't fully settled a claim she made on a private medical insurance policy.

What happened

Ms B rang Aviva in May 2024 to seek approval for a biopsy. She received authorisation for an initial consultation, the biopsy and a follow up consultation to discuss the results. Having thought the procedure would be fully covered under the policy, she subsequently received an unexpected bill for £2,370.28.

Aviva initially rejected the complaint in a letter dated 17 July 2024. However, upon review, it accepted that it could have been clearer and explained that medical costs can be expensive and that she may be left with a shortfall which she would be liable for, although it would not have been possible to advise her on the actual costs involved. It therefore offered her £200 compensation for loss of expectation.

I wrote a provisional decision earlier this month in which I explained why I was thinking of upholding the complaint. Both Aviva and Ms B have accepted the 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 re-considered the obligations placed on Aviva by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for Aviva to handle claims promptly and fairly, and to not unreasonably decline a claim.

In response to my provisional decision, Ms B has commented on what she considers to be wider issues with private healthcare. She had previously commented that health insurance isn't fit for purpose and that action needs to be taken by organisation such as the ombudsman service.

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. Whilst I appreciate she has more wider-reaching concerns, those are not things that I can reasonably consider. My role here is to decide whether, on the facts of this case, Aviva treated Ms B fairly. It's open to Ms B to raise any further concerns with the regulator should she wish to do so.

As I explained in my provisional decision, Ms B's policy included an outpatient benefit limit of £3,300. In the May 2024 phone call, it's explained that she has used £343 and so the remainder is £2,987. The crux of the complaint is that she was led to believe that the

remaining amount would be enough to cover the treatment and that there was no likelihood of a shortfall that she'd be liable for herself.

I'd previously set out the details of the phone call and that Aviva itself said that Ms B would have come away from the call thinking that the remaining balance would be sufficient to cover the biopsy.

I explained that the appropriate remedy would depend on what would have happened had the mistake not been made and that, in this case, I didn't think that an amount for loss of expectation was reasonable. That's because I considered that, had Ms B been advised correctly that there was the possibility of a significant shortfall that she'd be liable for, she'd have taken steps to avoid that. I considered it more likely than not that she'd have made alternative arrangements. Therefore, taking everything into account, I think it would be fair and reasonable for Aviva to cover the entire medical costs. As neither party disagreed, I see no reason to depart from the outcome reached in my provisional decision. It follows that I uphold the complaint.

Aviva has asked for clarification about who to pay the redress to. Ms B has confirmed that she has not yet paid the bill to the hospital and it remains outstanding. Therefore, Aviva should make payment to the hospital directly.

Putting things right

Aviva should:

- Pay the outstanding invoice directly to the hospital
- Pay Ms B £200 for distress and inconvenience

My final decision

My final decision is that I uphold the complaint and require Aviva Insurance Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 16 June 2025.

Carole Clark
Ombudsman