DRN-5627969

The complaint

Mrs D is unhappy that AXA PPP Healthcare Limited (AXA) didn't give her enough information about changes made to her private medical insurance policy. She's also unhappy with the service AXA provided in relation to this.

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.

Mrs D took out a private medical insurance policy in August 1997. AXA is the underwriter.

The policy was part of the British Universities (BU) scheme. The scheme ended in 2019, and Mrs D was now able to add a No Claims Discount (NCD) without losing the BU discount on the policy.

Mrs D said she wasn't advised about this change or the associated opportunities this opened up on her policy. She said the NCD wasn't explained to her, and this would have potentially offered substantial savings on the premiums. This only came to light in May 2022 when Mrs D contacted AXA to discuss reducing the premium.

She made a complaint in July 2022. AXA said prior to the scheme closing in 2019, Mrs D would not have had the benefit of having a NCD on the policy. But since then, the option was available. The responsibility was on Mrs D to contact AXA to discuss this option, but Mrs D hadn't done that until May 2022. AXA apologised for the service it provided in terms of the number of calls and the wait times Mrs D experienced. It paid Mrs D £50 in recognition of this.

In March 2024, Mrs D contacted AXA again. She said she called in 2022 asking for specific figures about the NCD so she could make an informed decision, but she didn't hear back from AXA. She said she wasn't offered the option of a NCD in 2019, and it's still not included clearly in the member handbook. AXA apologised that it gave her incorrect information about the BU discount in 2022 and the incorrect wording quoted from the 2019 membership certificate. It extended the cooling off period so she could consider adding the NCD on her policy.

Mrs D said AXA hadn't responded to all her concerns. It hadn't addressed that the NCD isn't listed in the policy handbook as an option to reduce the premium. AXA provided a further response and said its advisors follow a script and before it could go through the NCD information with Mrs D in the 2022 call, she had already asked the question. And the NCD information has been explained in the policy terms since 2020, so the onus was on Mrs D to contact AXA if she had any questions about her premiums or options the policy.

Unhappy Mrs D brought her complaint to this service. Our investigator partly upheld the complaint. She didn't think AXA had treated Mrs D unfairly about the NCD information. But she did think that there were various service issues. She recommended AXA pay Mrs D £100 compensation for this.

Mrs D 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 insurance industry regulator, the Financial Conduct Authority ('FCA'), has set out rules and guidance for insurers in the 'Insurance: Conduct of Business Sourcebook' ('ICOBS').

ICOBS says that insurers should act honestly, fairly and professionally in accordance with the best interests of their customers. I've taken these rules into account when looking at this complaint.

It's important to point out that we're an informal dispute resolution service, set up as a free alternative to the courts for consumers. In deciding this complaint I've focused on what I consider to be the heart of the matter rather than commenting on every issue or point made in turn. This isn't intended as a discourtesy to Mrs D. Rather it reflects the informal nature of our service, its remit and my role in it.

I want to be clear that whilst I have looked at what happened in 2022 to understand the context of this complaint, I will only be considering the points raised by Mrs D in the complaint she made to AXA in March 2024. These are the points addressed by AXA in its final response dated 17 May 2024 and I am required to look at those only.

Mrs D contacted AXA in 2022 to discuss her premium increase at renewal. As the BU scheme had ended, Mrs D could add a NCD on her policy and the BU discount would continue. The policy itself didn't change, and the terms of cover remained the same. So, I wouldn't have expected AXA to notify Mrs D of this. The membership certificate in 2019 advised Mrs D that she could explore her options by contacting AXA at that point. I think this information was sufficient for Mrs D to have contacted AXA to ask for her options.

Mrs D complained that AXA didn't offer the NCD in 2022. AXA provided her with details and prices if she added NCD on her policy. She said she wasn't told this before. Whilst she said the quotes she requested weren't sent to her, I note also that she didn't make further contact with AXA to chase these or request for these to be resent. AXA also confirmed to her that she could take the option of adding NCD on her policy without losing the BU discount she already had. I can't see that Mrs D chose to take this option, so I don't think AXA acted unfairly during the process.

In terms of the service AXA provided, I note Mrs D was given incorrect information in 2022. AXA advised her that the BU discount she was receiving would wind down, but this was incorrect. I can't see that AXA sent any quotes or details of prices it said it would in 2022. And AXA also provided an inaccurate reflection of the wording from the 2019 policy membership certificate.

Having listened to the call recordings, I do think that information for the most part was provided accurately to Mrs D. However, there are some parts which could have been clarified or expanded upon to avoid the confusion caused. For example, that the BU discount was not going to be winding down and ensuring that the NCD details were sent to Mrs D when she requested these. I don't doubt Mrs D's recollections that AXA told her she would receive the pricing quoted for the NCD as she has provided a detailed account of what happened. Whilst I appreciate that she could also have followed up on this enquiry, I don't think AXA did what it said it would do. So, for these reasons, I agree that the £100 compensation recommended by our investigator is fair and reasonable in the circumstances of this complaint. There was a lack of clarity at points where AXA caused confusion which had an impact on Mrs D.

I understand that Mrs D believes this to be an insufficient amount, and she would like further compensation. But it's not our role to punish the business. Awards of compensation are primarily to reflect the impact on the consumer. Whilst I think AXA could have been clearer in its communication, Mrs D also had options to contact AXA to request further information about the NCD.

Overall, the policy terms and conditions provide information about the NCD and how it works on Mrs D's policy. The BU scheme ended in 2019, and this gave the option for Mrs D to have an NCD on her policy. I think AXA provided sufficient information in 2022 so Mrs D could make the changes should she have wanted to. The NCD could reduce the premium, but it also could increase, and the policy handbook provided enough information about how this would work. Mrs D did make enquiries but there is also a responsibility on her to understand the policy and review her options at renewal. She didn't follow up the enquiry about the NCD in 2022 having had some information about this on the telephone call. And having had this information, I can't see that she took the option of adding the NCD on her policy to date. This was ultimately the cause of this complaint – that she wasn't informed she could add the NCD on her policy. Whilst I appreciate she may now not want to take this option, I'm satisfied she did have sufficient information in 2022 to make this choice.

I agree that AXA could have communicated some points better. But I don't think, by not doing this, it means that AXA should now refund the difference in the potential premiums or that it should provide more compensation than £100. Based on everything I've considered; I think £100 is fair and reasonable for what happened.

Putting things right

I direct AXA to pay Mrs D £100 compensation for the failings in its service and for the frustration caused to her. It must do this within 28 days of the date on which we tell it Mrs D accepts my final decision.

My final decision

For the reasons given above, I partially uphold Mrs D's complaint about AXA PPP Healthcare Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 4 September 2025.

Nimisha Radia
Ombudsman