

The complaint

Mrs G 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 her 2025 renewal premiums.

Mrs G is being represented by a family member in making this complaint, however, for ease, I will just be referring to Mrs G in this decision.

What happened

Mrs G's policy year starts and ends in April each year, with the renewal date being 11 April.

She had made claims in the 2023-24 policy year and so was fully acceptant of the reduction in the NCD at the April 2024 renewal. However, as she then made no new claims in the 2024-25 policy year, she expected the NCD to increase at the April 2025 renewal. However, it dropped from 74% to 67%.

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 14 January 2024 would not form part of the consideration for the next renewal but would form part of the calculation for the following year.

Our investigator thought that AXA had acted reasonably, in line with the policy terms and conditions. Mrs G 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), including 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).

Looking at the policy terms, they 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.'

Mrs G had a claim in the 2023-24 policy period and had ongoing treatment that involved a number of different medical appointments. Each of these appointments generated separate invoices. She was therefore expecting these treatments to affect the NCD at the April 2024 renewal. However, due to the way AXA calculates the NCD, as set out above, the cut off point for calculating the April 2024 renewal was 14 January 2024. And the significant date is the date the invoices are paid, as opposed to the date of the treatment. Therefore, any invoices for that claim paid after 14 January 2024, wouldn't be included in the 2024 renewal. Instead, they form part of the calculation for the April 2025 renewal instead.

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. So, whilst Mrs G sees it as unfair and 'double-dipping', that the same claim can impact two years' worth of NCD, AXA's process of calculating the NCD three months prior to the renewal date isn't something that I can reasonably consider here. What I can look at is whether it has treated her fairly, in the same way it would deal with other policyholders, in accordance with its terms and conditions.

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 and that any invoices paid after that date will not impact the upcoming renewal but will affect the following year's renewal instead. So, the fact that Mrs G made no new claims between April 2024 – April 2025, is not the relevant consideration here. The significant factor is that invoices for her previous claim were paid by AXA after the 2024 cut off point of 14 January, meaning they have impacted the 2025 renewal.

Mrs G has highlighted the word 'may' in the section headed '*When do you work out the discount for next year?*' She says this is intended as an administrative device to allow AXA to set renewal premiums in advance, whilst reserving the right to adjust the NCD if late claims arise. It is not, on its plain meaning, a definitive rule requiring all claims in the final three months of a policy year to trigger a reduction in the NCD two years running.

I understand the argument; however I am not persuaded by it. The next part of the wording goes on to explain that the calculation is based on the date invoices are paid. Therefore, I consider it is sufficiently clear that one claim that results in a number of invoices will have an impact on two consecutive renewal quotes, if those invoices are paid either side of the cut-off date.

Based on the available evidence, I'm satisfied that AXA paid some invoices for Mrs G's claim after the cut off period of 14 January 2024, meaning they were too late to be included in the 2024 renewal calculation. Therefore, in line with the policy wording, those invoices correctly formed part of the 2025 renewal calculation. Overall, it's reasonable that this resulted in a reduction of the NCD in April 2025.

The way the NCD is calculated isn't straightforward and can cause confusion. I appreciate the strength of Mrs H's feelings and am therefore sorry to disappoint her. However, I'm unable to conclude that AXA has done anything significantly wrong. It has worked out the NCD in accordance with the policy terms and conditions, and treated her in the same way as it would have done any other policyholder in a similar situation. 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 Mrs G to accept or reject my decision before 12 March 2026.

Carole Clark
Ombudsman