

The complaint

Mrs V is unhappy about the way BUPA Insurance Limited (BUPA) has applied the excess and the out-patient limit on her private medical insurance policy.

What happened

Mrs V's private medical insurance policy started in 2017. BUPA is the underwriter of the policy.

Mrs V had authorisation for an outpatient consultation. She attended an initial consultation in August 2025, and, on the same day, the consultant referred her for an MRI scan. Before she confirmed the appointment, Mrs V contacted BUPA to ask whether the MRI scan would be fully covered. BUPA confirmed it was fully covered and provided an authorisation code. Mrs V said she had relied on the information BUPA gave it and agreed to proceed with the scan later that day.

Mrs V received confirmation of the invoices from the consultation and the MRI scan. The way the excess had been applied meant that Mrs V's out-patient allowance had been reduced and she also had to make a personal payment to the clinic.

Mrs V complained to BUPA that it had applied the remaining £350 of her annual excess to the MRI scan instead of applying it to the consultation which happened first. This meant that the consultation fee was deducted from the outpatient allowance on the policy. She said this was unfair and has disadvantaged her. BUPA said the invoices were applied in the order they came in and that was in line with the policy terms and conditions.

Unhappy Mrs V brought her complaint to this service. Our investigator upheld the complaint. He didn't think BUPA had acted fairly in the way the excess had been applied. He concluded that it was fair and reasonable for BUPA to apply the excess to the out-patient appointment (the consultation) first rather than to the MRI scan. In doing this, Mrs V's out-patient limit would remain intact.

BUPA 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 key issue on this complaint is that Mrs V says that BUPA unfairly applied the excess to the MRI scan rather than the out-patient consultation. The effect of this was that her out-patient allowance reduced and her personal costs have increased.

I've started therefore by looking at the relevant policy documents on Mrs V's policy.

The policy membership certificate states:

'The excess amount applies to each member individually and applies each year for treatment costs covered by the policy. If there's an excess to pay, we'll write to the main member or the dependant having treatment (if they're aged 16 or over). We apply the excess in the order in which we receive the claims.'

The policy terms and conditions, on page 10 states:

'How an excess works

Having an excess means that you must pay part of any treatment costs covered by your policy, up to the excess amounts shown on your membership certificate.

Your excess renews at the beginning of each policy year, even if you're part way through treatment. So, you could have to pay the excess twice during a single course of treatment if your treatment begins in one policy year and continues into the next policy year.

If there's an excess to pay, we'll write to you or the dependant having treatment (if they're aged 16 or over). We apply your excess in the order in which we receive your claims. Once you've paid the full excess amount, you won't have to pay it for any more treatment you claim for during that policy year. You don't have to pay the excess if you're claiming for the dental allowance, cash benefits, add-ons or a fitness check within Fit and Active Cover. We'll let you know which consultant, healthcare professional, hospital or clinic you need to pay your excess to.'

Based on the above, it's clear, the excess on treatment costs will be applied in the order in which the claims are received. Therefore, based on this alone, it's not unfair or unreasonable that BUPA applied the excess on the treatment Mrs V received in the order the claims were received.

However, as well as being required to take into account, amongst other things, the relevant law and the specific policy terms and conditions, this service allows me to consider complaints on a fair and reasonable basis. Having done so, in the circumstances of this complaint, I will be upholding this complaint. I'll explain why.

In addition to the information provided in the policy above about how an excess works, an additional sub-heading, also on page 10, states:

'Need to know

If you are claiming for treatment costs where an allowance applies, your excess will not count towards the total allowance for that benefit.'

BUPA goes on to provide an example of how this excess works. The example refers to the excess being applied to the out-patient allowance and there are no other examples.

Mrs V argues that had the excess been applied to her consultation, her out-patient allowance would not have been affected. And additionally, the cost to her personally would have been reduced.

In this case, both invoices were received by BUPA for Mrs V's claim on the same day and within a few hours of each other. Mrs V had the consultation first. She was referred for an MRI scan by the consultant and before agreeing to have this on the same day, she called BUPA to check whether this would be fully covered. I've listened to the call recording provided by BUPA. This confirms that BUPA informed Mrs V that the MRI scan would be

covered. Mrs V then agreed to have the scan, which was carried out on the same day.

If BUPA had applied the excess to the consultation, Mrs V's out-patient allowance would not have been reduced. It just happened that the invoice for the MRI scan was sent to BUPA first. For Mrs V, this has caused a detrimental effect to her overall annual out-patient allowance and for having to pay the remainder of the balance from the MRI scan. I've also taken into account that BUPA informed Mrs V that her MRI scan would be fully covered.

I understand that BUPA has acted in line with the policy terms and conditions by applying the excess to the first invoice it received. I also understand that it has to treat all its customers fairly and consistently by applying the terms of the policy in the same way. However, the order in which the excess has been applied on this policy has had a detrimental effect on Mrs V, which I think resulted in an unfair and unusual set of circumstances. Given that both invoices came in on the same day, within hours of each other, and that Mrs V had the consultation first and then the MRI scan, I think it's fair and reasonable that BUPA applies the excess as if the invoice for the consultation was received first.

In the individual circumstances of this case, I think BUPA should apply the excess to the consultation first rather than the MRI scan. By doing this, Mrs V's outpatient allowance would be restored. Overall, I think this is fair and reasonable for what happened on this complaint.

Putting things right

I direct BUPA Insurance Limited to:

- Apply the relevant policy excess to the invoice for the consultation first rather than apply it to the invoice for the MRI scan. This will result in the out-patient allowance being restored for the policy year.

BUPA must do this within 28 days of the date on which we tell it Mrs V accepts my final decision. If it takes longer, BUPA must give Mrs V a meaningful update setting out the timeframe when they will settle the matter.

My final decision

For the reasons given above, I uphold Mrs V's complaint about BUPA Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs V to accept or reject my decision before 31 March 2026.

Nimisha Radia
Ombudsman