

complaint

Mrs S complains about the sale of her private medical insurance policy by Usay Business Limited.

background

In 2012 Mrs S had private medical insurance (with “insurer 1”). She was experiencing abdominal pain and it was thought she had a hernia and divarication of her abdominal muscles. Insurer 1 gave Mrs S authorisation to have surgery to repair the hernia. But after the operation began, it was found that Mrs S didn't have a hernia and instead her abdominal divarication was worse than expected. The surgeon carried out a repair.

Mrs S then switched insurance cover (to “insurer 2”), who didn't require details of previous medical conditions.

Then in 2013, Usay arranged for Mrs S to switch cover from insurer 2 to another insurer (“insurer 3”). Mrs S later made a claim under her policy with insurer 3. She was experiencing abdominal pain and I understand she had further surgery in 2014 to repair her abdominal divarication. Insurer 3 refused to cover the claim, as Mrs S had been suffering with abdominal pain when the policy was taken out, but it hadn't been told about this. It added an exclusion to Mrs S' policy so that no benefit would be payable for any treatment or investigation as a consequence of divarication of abdominal muscles.

Mrs S complained to Usay. She said she'd told it about her medical history and thought this information had been passed onto insurer 3. She explained that if she'd known insurer 3 would have applied the exclusion, she would have remained with insurer 2. As Mrs S had paid around £5,000 to have the surgery done in 2014, she thought Usay should cover this cost.

Usay accepted Mrs S had told it about her medical history, and this information hadn't been passed onto insurer 3. It offered Mrs S £50 compensation for this. But it didn't think Mrs S had suffered a financial loss, as it said insurer 2 wouldn't have covered the surgery. Unhappy with this, Mrs S brought a complaint to this service.

I issued my provisional decision on 16 December 2015. In that decision I explained why I thought Usay should pay Mrs S £250 compensation. I invited both parties to send me any further comments they wished to make.

Usay accepted my provisional decision.

Mrs S has questioned how Usay could put her back in the position she would have been in, if it hadn't been for its error. She also says the surgery she had in 2012 wasn't a cosmetic procedure, and so the subsequent operation on her stomach in 2014 also wasn't a cosmetic procedure. Mrs S also says that since an exclusion has been added to her policy with insurer 3, she is now trapped in an expensive policy.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

It's not in dispute that Mrs S told Usay about her medical history and it failed to pass on some of that information to insurer 3.

Mrs S has said that if she'd known insurer 3 would have applied an exclusion to her policy, she wouldn't have switched and would have remained with insurer 2. Given that she was experiencing symptoms at the time of the switch and was awaiting referral to a specialist, I think it would have been appropriate for Mrs S to remain with insurer 2.

To put the matter right, Usay needs to (as far as possible) put Mrs S in the position she would have been in, had she remained with insurer 2. I must therefore consider (based on the evidence before me) what's likely to have happened if Mrs S had remained with insurer 2 and made her claim to that insurer.

Usay says that insurer 2 has told it that it wouldn't have covered the surgery because it's cosmetic treatment which isn't covered under the policy. I haven't seen any evidence from insurer 2 to confirm this. But I've seen insurer 2's policy terms and conditions and I accept these exclude cosmetic treatment.

The medical evidence is that an area of Mrs S' abdomen was prominent, but this was cosmetic (although it was noted as being important to Mrs S). Her specialist said her abdominal wounds (from her previous surgery in 2012) were nicely healed and he couldn't find any lumps or abnormality in her abdomen. However she was experiencing abdominal pain, so she was referred to a pain specialist. Mrs S was offered painkillers but it was noted she wanted a surgical solution. The surgery was carried out by a consultant plastic surgeon. I haven't seen a report from the plastic surgeon about the surgery that was carried out.

Whilst I accept there was a medical need for the surgery in 2012, I haven't seen any evidence that the subsequent surgery in 2014 was medically necessary. The available evidence indicates to me that the 2014 surgery was elective. And since issuing my provisional decision, Mrs S hasn't provided me with any new medical evidence that suggests otherwise. Because of this, I don't think insurer 2 would have covered her 2014 surgery.

Mrs S makes the point that because insurer 3 has applied an exclusion to her policy, she feels trapped in an expensive policy and can't transfer to another insurer. She would like Usay to financially compensate her for this, as she says insurer 3 keeps increasing the cost of her cover.

Although Mrs S has an exclusion on her policy with insurer 3, this wouldn't stop her from switching to another provider. Whilst I accept it's likely the new provider would also apply the same (or similar) exclusion, Mrs S wouldn't be any worse off in terms of cover than she is now, but she may be able to take out a new policy at a cheaper cost.

I understand Mrs S is concerned that because of the exclusion, she won't be able to have cover in the future for divarication of abdominal muscles. I haven't seen any evidence that she may need future treatment for this problem, and I can't make any assumptions about future treatment, as to do so would simply be guesswork.

I've therefore only considered whether or not Mrs S has suffered a financial loss as a result of Usay's actions – as I've concluded that insurer 2 (and indeed probably any insurer) wouldn't have covered her 2014 surgery, I don't think she did suffer a financial loss.

Having said that, I do think Mrs S has been caused a lot of upset and confusion by the matter. I therefore require Usay to pay Mrs S £250 compensation.

my final decision

My final decision is that I uphold this complaint. I require Usay Business Limited to pay Mrs S £250 compensation (less any amount already paid in this respect). I don't require Usay to do anything further in respect of the surgery Mrs S had.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 18 February 2016.

Chantelle Hurn-Ryan
ombudsman