

The complaint

Mrs B complains about the information AXA PPP Healthcare Limited gave to her when she took out a private medical insurance policy, its subsequent decision to decline a claim and its failure to provide a refund on cancellation of the policy.

What happened

In summary, in July 2022, Mrs B took out a private medical insurance policy underwritten by AXA. The policy was on a moratorium basis which meant it didn't cover treatment for pre-existing medical conditions Mrs B had in the five years before the policy began until she has been a member for two years in a row and had a period of two years in a row trouble-free from that condition.

In July 2023, Mrs B had severe abdominal pains, swelling and bloating. A GP recommended she attend an NHS walk-in centre. Mrs B says the clinician she saw at the NHS walk-in centre said it could be inflamed fibroids, but she didn't perform an ultra sound scan, so didn't know the cause of Mrs B's symptoms. The clinician recommended Mrs B see a gynaecologist.

Mrs B contacted AXA about a claim for a referral to a gynaecologist. She told AXA she'd had symptoms for a week and there were several possible causes of her symptoms. AXA declined Mrs B's claim. It said until it had evidence Mrs B's symptoms weren't related to her fibroids, it wouldn't authorise her claim. Mrs B didn't think that was fair and cancelled her policy.

Mrs B says she's had uterine fibroids for several years. She says when she took out the policy, AXA didn't tell her that if she made a claim relating to her abdomen, she'd need to provide confirmation it's not related to fibroids. Mrs B says she wouldn't have taken out the policy if she'd known what she'd have to do to for AXA to cover a referral. She says following a previous declined claim (in September 2022), her pain was found to be caused by an ovarian cyst, which had nothing to do with fibroids. Mrs B thinks AXA said her symptoms related to a fibroid issue in order to decline her claim.

Mrs B says when she cancelled her policy, AXA told her it would refund the payment she'd made in July 2023, but she hasn't received that refund.

One of our investigators looked at what had happened. He thought AXA had explained clearly the moratorium underwriting when Mrs B took out the policy. But he didn't think AXA had acted fairly in declining Mrs B's claim in July 2023. That was because AXA didn't have any medical evidence to substantiate its conclusion that Mrs B's symptoms were caused by her fibroids, such as information from a GP or the walk-in centre. The investigator said the onus was on AXA to show the claim wasn't covered and to provide reasonable evidence to show why the moratorium terms applied, which it hadn't done here.

The investigator recommended AXA pay Mrs B compensation of £150 in relation to her distress and inconvenience. He also recommended AXA pay the refund of the July 2023

premium, with interest, or send Mrs B confirmation of the amount it had refunded and when it was paid.

Mrs B agreed with the investigator's recommendations, but AXA didn't. It responded at some length, which I won't set out here. Essentially, AXA says it declined Mrs B's claim in accordance with the moratorium underwriting. It says it relied on Mrs B's report of what she'd been told at the walk-in centre – that her fibroids could be inflamed. AXA says it had to base its decision on the information Mrs B gave and there was no evidence Mrs B's symptoms were not due to her fibroids.

AXA says if it had agreed to cover a consultation and investigations which showed Mrs B's symptoms were caused by her fibroids, it would render the moratorium underwriting virtually meaningless. AXA says if the clinician at the walk-in centre had said categorically that Mrs B's symptoms were not caused by fibroids, it would have accepted Mrs B's claim.

AXA provided a screen shot of its system showing it processed the refund of £129.13 on 25 July 2023.

AXA asked that an ombudsman consider the complaint, so it was passed to me to decide.

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 taken into account the law, regulation and good practice. Above all, I've considered what's fair and reasonable. The relevant rules and industry guidance say that AXA has a responsibility to handle claims promptly and fairly. They also say that it must give policyholders reasonable guidance to help them make a claim. I uphold Mrs B's complaint in part and I'll explain why.

the sale of the policy

- Mrs B says at the point of sale, AXA didn't tell her that if she made a claim relating to her abdomen, she'd need to provide confirmation that her symptoms were not related to fibroids. We wouldn't expect AXA to give Mrs B information in those terms. That's because at the point of sale AXA wouldn't know what claims Mrs B would make in future. But we would expect AXA to give Mrs B sufficient information to enable her to make an informed choice about whether the policy was right for her, including information about the moratorium underwriting.
- I've listened to the recording of the phone call at the time of the sale of the policy. AXA explained the moratorium underwriting and said the policy wouldn't cover any conditions or symptoms Mrs B had in the last five years until she's had two consecutive years trouble free. In addition, AXA sent Mrs B a certificate and the policy terms, which clearly explain the moratorium.
- Based on what I've seen and heard, I'm satisfied AXA provided sufficient information to enable Mrs B to make an informed choice about whether the policy was right for her.

AXA's decision to decline Mrs B's claim in July 2023

- The onus is on the consumer to show the claim falls under one of the agreed areas of cover within the policy. If the claim is covered in principle but is declined on the basis of an exclusion set out in the policy, the onus shifts to the insurer to show how that exclusion applies. So, I need to consider whether AXA acted fairly and reasonably in relying on the exclusion relating to pre-existing conditions.
- AXA has referred to the recommendation of an investigator in another complaint. As it's no doubt aware, each case is considered on its own merits. The complaint it has referred to is different in nature from the one here.
- I've listened to the recording of Mrs B's phone call to AXA in July 2023 when she made the claim which led to her complaint. Mrs B said she had swelling, bloating and pain in her stomach area since the previous Monday. A clinician at an NHS walk-in centre said her fibroids could be inflamed. That wasn't a firm diagnosis as no ultrasound was carried out. Mrs B was referred to a gynaecologist for further investigations.
- AXA says it had to base its decision on the information Mrs B gave but I don't think that's the case. It was open to AXA to gather more medical information. It could have done more to explain to Mrs B what further evidence she could provide to enable it to consider her claim. On balance, I don't think AXA acted fairly and reasonably in declining Mrs B's claim simply on the basis of her report of what the clinician said at the NHS walk-in centre. I think a fair and reasonable approach would have been for AXA to gather further medical information at that point, such as clinical notes from the GP who referred Mrs B to the NHS walk-in centre and from the clinician who saw her there.
- It's common ground that Mrs B's fibroids are a pre-existing condition and caught by the moratorium. It may be that AXA's decision about the claim would have been the same after gathering relevant medical information, but I don't think it's shown it followed a fair process in coming to its decision in this case. I don't think AXA has shown it reached its decision fairly and reasonably as it didn't have sufficient information to support its decision about Mrs B's claim.
- I think AXA's handling of Mrs B's claim in July 2023 caused her distress and inconvenience. She has accepted the investigator's recommendation of compensation of £150 in relation to that and I think that's fair. In reaching that view, I've had regard to the nature, extent and duration of Mrs B's distress and inconvenience caused by AXA's handling of her claim.

The refund of premium

- AXA has now provided a screen shot of its system which shows it processed a refund of £129.13 on 25 July 2023. So, I don't make any further direction in relation to that. I suggest Mrs B checks her records to see if she has in fact received that refund. If she hasn't received it, she should take the matter up with her account provider.

Putting things right

In order to put things right, AXA should pay Mrs B compensation of £150 in relation to her distress and inconvenience.

My final decision

My final decision is I uphold this complaint in part. AXA PPP Healthcare Limited should take the step I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 31 July 2024.

Louise Povey
Ombudsman