DRN-5214267

The complaint

Miss R complains that BUPA Insurance Limited ("Bupa") authorised treatment under a private medical insurance policy but hasn't confirmed what the authorisation covers. She's also unhappy with how Bupa has handled some claims relating to this authorisation.

What happened

Miss R is covered by a private health insurance policy with Bupa. She suffers from a long-term condition, which is excluded under the policy.

Miss R made a claim to Bupa for stem cell treatment in relation to her long-term condition – her consultant said it had the potential to completely halt the condition with no further progression or relapses. Bupa authorised this in October 2022. The treatment included different treatment phases over several months, and Bupa paid for the treatment directly to the providers. However, Miss R had to go to hospital in May 2023 which was first authorised, but then declined as Bupa said it related to her long-term condition. Bupa has since paid for this treatment as a gesture of goodwill, but Miss R says the treatment should have always been covered as Bupa authorised it, and it didn't relate to her long-term condition. She says she had to leave the hospital early as she was worried about the cost when she was told Bupa wasn't covering the claim.

Miss R would like Bupa to confirm in writing what is covered in relation to the stem cell treatment to avoid further distress and inconvenience with future claims. She says Bupa should have done that when it first authorised the treatment. Miss R also wants Bupa to pay her more compensation for the unnecessary distress and inconvenience caused over several months, and the impact this had on her healing.

Miss R is also unhappy that the front-line claims staff aren't aware of the complexities of her condition, treatment and claims, which she says leads to unnecessary distress and inconvenience when making a claim. Miss R would like a dedicated point of contact for any future claims to avoid further issues.

Bupa has said it authorised the stem cell treatment on the basis that this treatment would be curative, or at least mitigate the symptoms of Miss R's long-term condition. It says there wasn't a detailed plan from Miss R's treating consultant suggesting that this would be lengthy and involve various additional follow up treatments. Bupa says the policy doesn't cover routine screening or monitoring, so any regular check-ups to see if treatment is successful may not be eligible. It also says that it will assess any future claims in line with the terms and conditions of the policy. However, Bupa says it will cover treatment for any complications following from the stem cell treatment.

Overall, Bupa acknowledged it hadn't always done everything right. It said it hadn't been clear about the limits of what was covered in relation to the stem cell treatment. Bupa offered Miss R a total of £500 for the distress and inconvenience caused in addition to paying for the hospital stay in May 2023. It also offered to arrange a specific team to assess Miss R's future claims in relation to the stem cell treatment to avoid any further issues. Miss R didn't think this was enough, and she still wants Bupa to confirm in writing what is, and isn't, covered in relation to the stem cell treatment. So, she brought a complaint to our service.

One of our investigators looked into what had happened. Having done so, she didn't think Bupa had done everything right. In short, she thought Bupa should set out clearly what will be covered in relation to the stem cell treatment going forward and pay Miss R a total of £1,500 in compensation for the substantial distress and inconvenience caused.

Bupa agreed to the investigator's recommendation of increased compensation. But it said it can't confirm what would and wouldn't be covered for a hypothetical situation. Bupa said it would consider any treatment Miss R needed in relation to the stem cell treatment in line with the policy terms and conditions.

Miss R didn't think Bupa's position was reasonable, or that the compensation the investigator had recommended was enough. As no agreement was reached, the complaint was passed to me to decide. I issued my provisional decision in December 2024. Here's what I said:

"Industry rules set by the regulator (the Financial Conduct Authority) say insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of Miss R's complaint.

Miss R's complaint stems from the fact that when Bupa authorised the stem cell treatment in October 2022, it didn't confirm what that authorisation covered and what it didn't. However, it doesn't look like there were any significant issues with this until May 2023. Before this, Bupa paid most of the treatment costs directly to providers. There were some invoices in February 2023 that Miss R had to chase Bupa for, but I can see that these were settled without significant issues.

The role of a health insurer is to assess any medical information relating to a claim being made, provided by health professionals, and either accept or decline cover. Miss R's consultant provided a letter recommending the stem cell treatment in September 2022, in which they referred to this being a "one-off treatment, which has the potential to completely halt the [long term condition]". Bupa has continuously referred to this report, and the fact that it authorised it based on it being "one-off treatment".

I think Bupa is entitled to rely on the information it's given by medical professionals. I think Bupa understood the high cost of the overall claim, so I think it would have reasonably known that the stem cell treatment that was being recommended was more complex than one-off treatment. However, it wouldn't have been for Bupa to set out what this treatment included – it would have been for Miss R's consultant(s) to confirm this, and only then Bupa could have confirmed in more detail what was and wasn't covered. But I think it's likely some of this would have still been limited to referring to the policy terms and conditions, which Bupa has done throughout.

Overall, Bupa didn't at the time anticipate any issues when it authorised the stem cell treatment, and it simply said Miss R was covered for it. And it's clear that it continued to pay for the treatment over several months. So, I don't think Bupa acted unfairly or unreasonably when it didn't ask for more information from Miss R's consultants when the treatment was first authorised.

Whilst it may have been helpful to direct Miss R to contact a dedicated team for any queries relating to this treatment from the start, I don't think this is something it had to do or was part of its process. But I think it's clear that had this been arranged for Miss R, most – if not all – of the subsequent confusion, distress and inconvenience could have been avoided.

However, it looks like confusion around what was and wasn't covered by the original authorisation started arising once Miss R's "standard" part of the treatment finished, and what she has referred to as the "aftercare" part of treatment started. This is also when she started experiencing complications. I think it was from May 2023 onwards that Miss R started to experience unnecessary distress and inconvenience, and I think this is when Bupa should have done more to help her.

Miss R called Bupa on 9 May 2023 to authorise treatment she was receiving in hospital. Bupa authorised scans and consultations, and I think Miss R reasonably expected her two-night stay at the hospital to be covered as well. However, it looks like Bupa only authorised the scans and consultations as out-patient appointments, so when the hospital told Miss R she wasn't covered, Miss R says she discharged herself from the hospital in great pain. She doesn't think we've taken this into account when awarding compensation.

It's clear that Bupa didn't handle the authorisation well. But at the same time, Miss R's consultant has said in a later report that it needed to be ruled out that Miss R wasn't experiencing a relapse of her long-term condition. So, even if Bupa had done everything right, it doesn't look like it could confirm cover if the hospital stay ended up relating to her long-term condition which was excluded under the policy. So, I think Miss R would have been in the same uncertain situation – that Bupa would only pay for the claim once it was confirmed it didn't relate to her long-term condition.

Overall, I don't think I can fairly hold Bupa responsible for Miss R's decision to discharge herself early and the impact this had on her. But I accept Bupa only authorising out-patient treatment when it was clear she was receiving in-patient treatment, and not being clear about the limitations of that authorisation, would have been distressing for Miss R.

Bupa has since paid this claim as a gesture of goodwill. It has maintained that it isn't covered by the policy terms as it relates to Miss R's long-term condition. However, it's not clear why Bupa has said this. The medical report from Miss R's consultant in October 2023 confirms there had been no relapse of Miss R's long-term condition. Miss R says the issue was a slipped disc in her neck, which is explained in a medical report in June 2023.

Bupa has paid the claim, so there's no financial loss to Miss R. However, without any further explanation from Bupa why it still thinks the claim wasn't eligible under the policy terms, I don't think it has acted fairly or reasonably by maintaining that the claim was only paid as a gesture of goodwill. I think this caused Miss R unnecessary frustration and would understandably cause confusion around future claim coverage.

I also think that at this point, it was clear Miss R needed more clarity on what treatment would or wouldn't be covered in relation to the stem cell treatment. It was also clear that it wasn't helpful that she had to explain the situation to the front-line staff during every call due to the complexity of the situation. I think this caused Miss R unnecessary distress and inconvenience that could have been avoided.

I think this is when Bupa should have done more to help her. I can see that Bupa has since offered to have a dedicated team to assess Miss R's future claims relating to the stem cell treatment. I think this is fair and reasonable. If Miss R accepts my decision, I think Bupa should let her know how this will work going forward and how Miss R should let that team know about any further claims she has in relation to the stem cell treatment.

Our investigator thought it would be fair and reasonable for Bupa to set out clearly what will be covered in relation to the stem cell treatment going forward. However, I don't think it would be reasonable for me to ask Bupa to authorise something that it doesn't have any medical information on. If Miss R is able to provide a detailed treatment plan from her consultant, I'd expect Bupa to consider this and confirm – as far as it's able to – what's covered under the policy terms. But it's likely there will be elements that Bupa can only refer to the policy terms in general, rather than simply authorise the treatment in advance. However, I'll leave this between Miss R and Bupa to arrange.

Bupa has said it will cover treatment for any complications following from the stem cell treatment. I think it's reasonable for Miss R to let Bupa know of these claims as they arise by contacting the dedicated team to authorise the claim.

It's clear that Miss R has been through a challenging time, and the unnecessary confusion and frustration caused by Bupa would have impacted her significantly in her circumstances. Having considered everything, I think Bupa's offer to pay her a total of £1,500 is fair and reasonable."

Bupa responded to my provisional decision and said it had nothing further to add. Miss R responded in more detail. I've summarised her key points below:

- I said in my decision that Miss R's consultant said the stem cell treatment had the potential to "cure" the condition. But this was factually incorrect, as the consultant had said it had the potential to completely halt the condition with no further progression or relapses. There is no cure for Miss R's long-term condition.
- Miss R says I had missed the point of her complaint entirely, as the in-patient treatment in May 2023 was authorised verbally over the phone. She says I haven't considered the stress she went through when Bupa was asking for her to pay for the hospital stay despite the authorisation.
- Miss R says it was Bupa's responsibility to ask for a plan for the treatment it was authorising following a letter from her consultant in September 2022.
- Miss R has never asked Bupa to cover hypothetical situation, only the remaining annual check-ups. Miss R says she's asking for Bupa to agree to pay for the follow up treatment plan given in a consultant's letter on 13 October 2023.
- Bupa didn't follow the Financial Conduct Authority's Principles for Businesses in how it handled everything or meet its duties to Miss R who was a vulnerable customer.

As both parties have had the opportunity to respond to my provisional decision, I'm now issuing my final 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 considered all the points Miss R has raised. However, it may be helpful if I explained that my role is to decide what's material to the outcome of a complaint and address those points. So, my findings are less detailed than how Miss R has set everything out. This isn't meant as a discourtesy, it simply reflects the informal nature of our service.

I have taken into account all relevant rules and regulations when considering what's fair and reasonable in the individual circumstances of Miss R's complaint. I have also listened to all the relevant phone calls, including the ones Miss R has specifically referred to in response to my provisional decision.

I've amended the background section of this complaint from my provisional decision to say that Miss R's consultant had said the stem cell treatment had the potential to completely halt Miss R's long-term condition with no further progression or relapses – rather than cure it. This change, however, has no bearing on the outcome of the complaint.

Where a business has made a mistake, we aim to put the consumer in the position they would have been in, had there been no mistake. As I explained in my provisional decision, had Bupa understood in May 2023 that Miss R's hospital stay may relate to her long-term condition (as her consultant later said this needed to be ruled out, amongst other things), it wouldn't have been able to authorise the treatment. So, I still think Miss R would have been in the same uncertain situation. And I don't think I can fairly hold Bupa responsible for Miss R's decision to discharge herself early and the impact this had on her.

Miss R has made several comments about my findings in relation to the hospital stay in May 2023. I've considered everything she said, but I don't think these make a difference to the outcome of the complaint. This is because I accepted in my provisional decision that Bupa hadn't handled the authorisation well, which would have caused Miss R unnecessary distress and inconvenience. I also don't think Bupa acted fairly when it said it paid the claim as a gesture of goodwill once it was clear it didn't relate to Miss R's long-term condition, which would have caused her further unnecessary distress and inconvenience.

Miss R says it was Bupa's responsibility to ask for a plan for the treatment it was authorising. I don't agree. As I explained in my provisional decision, I think Bupa is entitled to rely on the information it's given by medical professionals. And it would be for Miss R to provide a report from her consultant, outlining the details of treatment needed, if she wanted Bupa to give a more detailed authorisation.

Bupa has already explained regular check-ups to see if treatment is successful may not be eligible due to a policy exclusion on screening and monitoring. But it will assess any future claims in line with the terms and conditions of the policy. Bupa has also said it will cover treatment for any complications following from the stem cell treatment. I think Bupa has acted fairly and reasonably in how it's explained what Miss R's policy covers, based on the information it currently has. But Bupa accepts that it wasn't clear about the policy limits from the beginning, and that this caused Miss R unnecessary distress and inconvenience.

Throughout the complaint, Miss R has asked Bupa to confirm what's covered under the original authorisation that was given for stem cell treatment in 2022. I note that Miss R has since referred to a letter from her consultant on 13 October 2023 where they refer to the expectations what treatment Miss R still needs. As I explained in my provisional decision, if Miss R is able to provide a detailed treatment plan from her consultant, I'd expect Bupa to consider this and confirm – as far as it's able to – what's covered under the policy terms.

Having considered everything again, I've reached the same findings as I did in my provisional decision, and for the same reasons. Overall, I don't think Bupa handled everything as it should have done. I think it caused Miss R significant distress and inconvenience and it should compensate her for this.

My final decision

My final decision is that I uphold Miss R's complaint in part and direct BUPA Insurance Limited to take the following action:

- Arrange for Miss R's claims relating to the stem cell treatment to be considered by a dedicated team, and
- pay Miss R a total of £1,500 for the distress and inconvenience caused (inclusive of the £500 already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 14 January 2025.

Renja Anderson
Ombudsman