

## **The complaint**

Mrs D complains about the sale of her Surgery Cash policy by American International Group UK Limited ('AIG').

Any reference to AIG includes its agents.

## **What happened**

Mrs D held a health plan with AIG called Sovereign Health Cheques Direct ('SHCD').

In December 2008, AIG informed Mrs D that it had developed a new Surgery Cash policy with increased benefit amounts, and that her SHCD cover would switch to this product in February 2009.

In January 2009, AIG wrote to Mrs D again to say it had become aware that the previous letter it had sent her had contained incorrect information about the benefits. It apologised and confirmed the switch to the Surgery Cash policy would not take place because of this, and that her SHCD policy would remain unchanged until further notice.

In March 2009, AIG wrote to Mrs D to give her the option to upgrade her cover to the Surgery Cash policy if she wished to do so. Mrs D agreed to this, and the Surgery Cash policy started in April 2009.

In 2022 Mrs D had surgery, and contacted AIG to make a claim. AIG made her aware the procedures weren't covered under the Surgery Cash policy. Unhappy with this, Mrs D brought a complaint to this Service.

Our investigator didn't recommend the complaint be upheld. She thought AIG had given Mrs D sufficient information about what was covered under the Surgery Cash policy before she agreed to take this out.

Mrs D didn't accept our investigator's findings, and so the matter 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.

The Surgery Cash policy was taken out on a non-advised basis. In other words, AIG didn't make any recommendations about the suitability of the cover. However, it was still required to provide sufficient information about the policy to allow Mrs D to make an informed decision about whether to take it out.

AIG's letter of March 2009 said the benefit levels under Mrs D's SHCD policy may not be sufficient to cover the associated surgery (due to medical inflation). It said it was therefore giving her the opportunity to upgrade her cover to the Surgery Cash policy as this offered

increased benefit levels for a number of common surgical procedures. It referred to an enclosed benefit table which set out the covered procedures and benefit amounts of her SHCD policy and those of the Surgery Cash policy.

I've looked at the benefit table provided. This gave a description of the surgery covered, and how much benefit was available for that surgery under the SHCD policy (called 'old benefit') and the new Surgery Cash policy (called 'new benefit'). For example, AIG would pay up to £8,500 towards a total hip replacement under the SHCD policy, but would pay up to £15,000 towards this under the Surgery Cash policy.

I see that AIG added some new surgery descriptions to the Surgery Cash policy, and also removed some that had previously been covered under the SHCD policy. The benefit table also included procedure codes, and explained that private hospitals and surgeons use the codes to identify the surgery performed. I appreciate Mrs D's point that a layperson wouldn't understand what those codes meant, but the table also included a broad description of a surgery that I'm satisfied a layperson would understand.

For example, one surgery description was 'surgery on sinuses' but there were 15 different procedures that AIG would cover under this. I don't think it was unreasonable for AIG not to list the full description of each of these procedures. In the event surgery would be needed, the policyholder would need to find out the code for the procedure to see if it was covered by the policy.

In Mrs D's case, one of her procedures in 2022 would have presumably been covered under the SHCD policy (under 'repair of other hernia'). So I can understand her disappointment that it wasn't covered under the Surgery Cash policy. I appreciate that the benefit table sent to Mrs D in March 2009 didn't say that 'repair of other hernia' was being removed. However, the benefit table did make it clear that only repairs of inguinal, femoral or umbilical hernias were covered under the Surgery Cash policy. So I don't think Mrs D was misled about what was covered in respect of hernia repairs. Ultimately, it was up to AIG which procedures it chose to cover under the Surgery Cash policy.

Overall, I'm satisfied that AIG provided Mrs D with sufficient information about the cover provided by the Surgery Cash policy for her to make an informed decision whether to take this out. I therefore don't find that the policy was mis-sold.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 7 February 2024.

Chantelle Hurn-Ryan  
**Ombudsman**