

The complaint

Mr R complains about the way that Aviva Insurance Limited handled a claim he made on a personal private medical insurance policy.

What happened

In September 2022, Mr R switched his existing private medical insurance policy from an insurer I'll call B to a new policy with A. Mr R's new policy was underwritten on a 'Continued Medical Exclusions' basis, although Aviva told Mr R that pre-existing medical conditions would be excluded until Aviva had had a chance to review the level of cover he'd held with B.

Subsequently, in November 2022, Mr R made a claim for mental health treatment. As Aviva was still waiting for information about Mr R's previous cover with B, it told Mr R that it couldn't agree to cover his claim at that point. In the meantime, Mr R began to undergo self-funded treatment, as he understood that if the claim was later found to be eligible, Aviva would reimburse his costs.

On 13 December 2022, Aviva received the information it needed in order to confirm cover for Mr R's treatment. So it asked Mr R to send it invoices for the sessions he'd already undergone and paid for. Around a week later, Mr R sent Aviva four invoices, totalling £1000.

Aviva settled the invoices, but it sent payment directly to Mr R's therapist instead of reimbursing Mr R for his costs. This meant the therapist had been paid twice for Mr R's treatment.

On 28 December 2022, Mr R contacted Aviva to chase up the payment and at that point, he learned that the invoices had been settled with the therapist. So he made a complaint, as he'd been left out of pocket.

On the same day, Aviva tried to get in touch with the therapist to confirm that Mr R had settled the invoices directly and to ask if they'd reimburse Mr R's payments to him directly. They tried again on 3 January 2023. However, as the therapist had been away, Aviva wasn't able to speak with him until 9 January 2023. The therapist agreed to refund Mr R's payment directly.

Aviva looked into Mr R's complaint. It said that the therapist's invoices hadn't been marked as settled, which was why it had paid the invoices directly to the therapist rather than Mr R. However, it offered to pay Mr R £75 compensation to reflect the delay in him being reimbursed for his treatment costs.

Mr R remained unhappy with Aviva's position and he asked us to look into his complaint.

Our investigator felt Aviva had handled Mr R's claim fairly and that the £75 it had already offered was fair and reasonable.

Mr R disagreed and so the complaint's been 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.

Having done so, whilst I'm very sorry to disappoint Mr R, I think Aviva has already made a fair offer to settle his complaint and I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. So I've considered, amongst other things, the terms of Mr R's policy and the circumstances of his claim, to decide whether Aviva treated him fairly.

Mr R's policy covers eligible treatment of acute conditions. It's clear that at the point Mr R made the claim, Aviva considered his medical condition to be acute. But the claim was made a few weeks after Mr R had switched from his policy with B to the new policy with Aviva. At the outset, when Aviva issued Mr R's policy documents, it told him that claims for pre-existing medical conditions would be excluded until it had received confirmation of Mr R's previous cover with B. And when Mr R first made the claim, Aviva hadn't received the information it needed from B to determine whether or not it would've covered a claim for Mr R's mental health. On that basis, I think I was reasonable for Aviva not to agree to cover Mr R's claim until it received the information it needed.

Upon receipt of the relevant information from B, Aviva promptly confirmed that Mr R's claim would be paid. And so Mr R provided Aviva with invoices setting out the treatment he'd undergone and the costs of that treatment. Aviva says that the invoices weren't marked as settled and so it wasn't aware that Mr R had already paid for the therapy. Therefore, it paid the therapist directly – meaning that the therapist had been paid twice for the same treatments. Most, if not all, private medical insurers often have billing arrangements with healthcare professionals which mean invoices are settled directly, without a consumer needing to pay any costs, other than a potential excess (if applicable). So I don't think it was unfair or inappropriate for Aviva to settle the costs with the therapist, when it appears there was no clear evidence from the therapist that Mr R had already paid for his treatment.

I don't doubt how frustrating it was for Mr R when he learned what had happened. He'd expected to be promptly reimbursed for his treatment costs and I appreciate he was without this money over the festive period. But as I've explained, I don't think Aviva acted unreasonably when it paid the therapist directly. And I think it took prompt and appropriate steps to try and resolve things with the therapist once it learned that they'd been paid twice. I can see from Aviva's notes that it tried to contact the therapist on the day it found out what had happened and again a couple of days later. It appears the therapist was away during this period and so Aviva wasn't able to speak with them until 9 January 2023. I don't think I could fairly or reasonably hold Aviva responsible for any delay in speaking with the therapist, given they don't appear to have been working at the time. And it seems the therapist quickly agreed to get in touch with Mr R to obtain his details and directly refund the money to him.

As such then, I'm not persuaded Aviva made any clear or unreasonable errors here. However, it offered to pay Mr R £75 compensation for the delay in the reimbursement of his money. I think this was very fair in the circumstances and is a reasonable proxy to represent interest at an annual rate of 8% simple on the funds for the period Mr R was out of pocket and also an award to recognise his trouble and upset at having to get in touch with Aviva to resolve things when he was already going through a difficult time. It remains open to Mr R to get in touch with Aviva should he now wish to accept its offer.

My final decision

For the reasons I've given above, my final decision is that Aviva has already made a fair offer to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 16 August 2023.

Lisa Barham
Ombudsman