DRN-4102214

The complaint

Mr F complains about Vitality Health Limited's decision not to pay his private medical insurance claim.

What happened

Mr F holds private medical insurance cover with Vitality. In May 2022, he was admitted to a private hospital for treatment, and made a claim for this under the policy. Vitality refused to cover the hospital admission as it thought this was an emergency admission, which is not covered under the policy. Unhappy with this, Mr F brought a complaint to this Service.

Our investigator recommended the complaint be upheld. He thought the hospital admission had not been an emergency, as defined by the policy. He therefore recommended Vitality reimburse Mr F the costs he'd paid for his treatment, plus interest. Our investigator also thought Mr F had been caused unnecessary worry and upset by Vitality's decision to turn down the claim, and so recommended it pay £750 compensation for this.

Vitality agreed to cover the cost of the hospital admission plus interest, though it said it did not think the final two days of the admission were eligible. Nonetheless, it said it would pay these as compensation (worth £2,552).

Mr F thought Vitality should pay him compensation of £5,000. He disagreed with Vitality that the final two days of his hospital admission were not eligible. The matter has therefore 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.

Vitality now accepts that the claim should be covered, so that is no longer in dispute. For completeness, I confirm I agree the claim is covered, and for the same reasons as set out by our investigator. I understand Vitality has paid the majority of the claim.

However, there is still a disagreement between the parties over the final two days of Mr F's hospital admission. Vitality thought Mr F could have been discharged on 8 June, but he was not discharged until 10 June. I note that Vitality is willing to cover the hospital charges for the final two days as compensation, but I understand it is not willing to cover consultant costs from the two final days.

Mr F has provided information from the hospital which confirms that he was not able to be discharged until 10 June. We've shared this with Vitality and explained that this evidence persuades me that the 9 and 10 June should be covered under the claim. Vitality didn't respond to us by the deadline we gave, and so I see no reason to conclude these two days weren't eligible under the policy terms.

The remaining issue is how much additional compensation Vitality should pay for wrongly turning down Mr F's claim. It may be helpful if I explain that our awards for compensation are not punitive, and are intended to reflect the impact a financial businesses actions have had on a consumer.

Mr F is of the view that Vitality authorised the hospital admission during a call on 9 May, but Vitality disagrees. I've listened to the call, and the staff member said that she would authorise a blood test, ECG, X-rays and two consultations. She explained Vitality would need a report from the treating consultant to confirm the reason for Mr F's hospital admission, or Vitality wouldn't be able to authorise a procedure or overnight stays.

However, the staff member later said in the call that she'd authorised for the hospital where Mr F was going to be admitted, with his consultant. This would have been in connection with the tests and consultations already authorised, but the staff member didn't explain this. So, although Vitality didn't specifically say the hospital admission would be covered, I think it ought to have made it much clearer that it would not be making a decision on the hospital stay until it had received a report from the specialist. And if Mr F chose to be admitted to hospital before Vitality had provided authorisation, then there was a risk he may need to pay the costs himself.

Mr F has provided a lengthy explanation to this Service of how the matter has impacted him, for which I'm grateful. I've taken his comments into account. Having done so, I agree with our investigator that compensation of £750 would be reasonable in the circumstances. This recognises that Mr F was caused considerable distress and worry by the matter when he was in hospital, and has spent time trying to sort out his claim since being discharged. I also understand that there was some confusion around the date of Vitality's final response, though it's also the case that this Service could have given Mr F assistance if he needed clarification on this.

Mr F considers that Vitality should bear responsibility for problems with his health that he attributes to stress caused by Vitality's claims decision, and from using a computer to bring his complaint to this Service. I haven't seen any evidence to support that Vitality's decision to turn down Mr F's claim has directly impacted his health. We wouldn't generally award compensation for making a complaint to this Service, and Mr F could have arranged for a representative to bring the complaint on his behalf.

Although Vitality was previously willing to pay the hospital charges for 9 and 10 June of £2,552 as additional compensation (that I have now found should be covered under the claim), this Service did not require it to pay this amount in compensation.

I therefore require Vitality to pay Mr F compensation of £750.

My final decision

My final decision is that I uphold this complaint. I require Vitality Health Limited to pay the claim (including the costs from 9 and 10 June) in line with the remaining policy terms, less any payment already made.

Interest* should be added at the rate of 8% simple per annum from the date the invoice/s were paid to the date of settlement (to be clear, this will be the date that Vitality has paid/pays the settlement).

Vitality Health Limited should also pay Mr F £750 compensation.

*If Vitality considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr F how much it's taken off. It should also give Mr F a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 23 August 2023.

Chantelle Hurn-Ryan
Ombudsman