DRN-4204749

The complaint

Mr W is unhappy Vitality Health Limited (Vitality) declined his claim.

What happened

Mr W has a private medical insurance policy underwritten by Vitality.

He had a vasectomy and started experiencing issues following the surgery. The initial medical evidence suggested Mr W's symptoms were a complication of the vasectomy. The policy doesn't cover complications from surgery, so Vitality declined the claim.

Mr W went on to arrange further treatment, which he paid for himself. Subsequent evidence from the surgeon who performed this treatment said Mr W's symptoms weren't a complication of his previous surgery - he said the symptoms were caused by a new separate issue. Vitality then authorised the claim for surgery on the basis of the medical opinion that this was a different diagnosis.

But they then declined to pay the claim because Mr W had only sent a bill confirming the total amount paid for the surgery, and they required a more detailed invoice. We dealt with this under a previous complaint and said we thought Vitality's actions had been fair.

After some time and effort, Mr W was able to supply the information they had requested.

Vitality then declined the claim again because they said the hospital at which he'd had his treatment wasn't recognised by Vitality.

Unhappy with Vitality's response, Mr W referred his complaint to this service. Our investigator looked at what had happened. He said despite the surgery taking place at a hospital that wasn't on Vitality's list, he thought it was fair and reasonable for them to pay Mr W what it would have cost for him to have the removal surgery done in a hospital on their list, subject to the remaining policy terms and conditions.

Vitality agreed to a contribution to the costs as a gesture of goodwill. They said the policy offers cover of 60% to proceed at an off-list hospital so they offered to reimburse 60% of the costs Mr W had actually incurred. They confirmed this was more favourable to Mr W than the cost for him to have had the surgery done in a hospital on their list, as recommended by our investigator.

Mr W remained unhappy. He said he was disappointed that the offer had been reduced after Vitality originally agreed to pay the procedure cost. And he said he should be paid for the cost of a reversal operation rather than the removal that ended up taking place.

So the case has 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.

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The relevant rules and industry guidelines say that Vitality has a responsibility to handle claims promptly and fairly. And they shouldn't reject a claim unreasonably.

Taking everything into account here, I think Vitality's offer to cover 60% of the costs Mr W has incurred is fair. I'll explain why:

Vitality said there was no indication prior to the actual surgery that it would be carried out at an unregistered hospital. I agree with this. But I'm persuaded they had evidence of the hospital he had used, before they told him the claim would be covered.

Mr W had sent Vitality a receipt for his treatment showing which clinic it had taken place at. Along with a letter from the same clinic advising the issue was fat necrosis. Both of these documents had the name of the clinic on them, so I think its unreasonable Vitality didn't raise an issue about the clinic not being registered at this stage in the claim. And I'm mindful that Vitality had initially declined the claim, so I wouldn't have expected Mr W to try to attend a Vitality-approved hospital.

I've given careful consideration to what Vitality said when they indicated the claim would be covered if Mr W was able to provide the hospital bill. Mr W argues that he was told he would be reimbursed for the whole procedure cost. But I'm not persuaded that is what Vitality said.

Vitality emailed on 19 August 2022 saying:

"Thank you for forwarding the clinic letter …. After reviewing this information, we are happy to confirm that your care request will be covered as the diagnosed condition doesn't relate to an excluded condition under the Plan.

As we hadn't pre authorised the treatment, we don't have information relating to it. If you've paid for the procedure yourself, then please forward the receipted bills from the hospital/consultant and we'll reimburse you for all eligible items on the bills, in line with the terms and conditions of your Plan."

It's important to note that Vitality has said it will only reimburse Mr W for eligible items in line with the terms and conditions of the policy. It's not in dispute that the terms of the policy include a list of hospitals that are Vitality approved. And Mr W's procedure wasn't carried out in a hospital on the list.

When a claim is authorised, that doesn't necessarily mean it will be paid in full. So whilst I agree Vitality said they would pay 'eligible' costs, I haven't seen that they promised to pay the full costs of Mr W's surgery.

It's possible if the first surgeon had more accurately diagnosed Mr W's condition, this current issue would have been avoided. But unfortunately, that's not what happened. Although it's of course not Mr W's fault, it's also not something I can fairly hold Vitality accountable for.

As such I don't think it's fair for Vitality to have to cover the full cost of the procedure when they didn't promise to do so and I think they have applied the terms of their policy fairly.

Our investigator recommended that Vitality should pay Mr W what it would have cost for him to have the surgery done in a hospital on their list, subject to the remaining policy terms and conditions. Vitality quoted a price of £1,348 for the removal procedure and I don't think this is unreasonable. They don't have a procedure code for vasectomy reversal because under the terms of the policy, vasectomy reversal isn't covered. And in any event, this wasn't the procedure that went ahead. So I'm satisfied it's for Vitality to reimburse Mr W for the procedure that actually took place.

Vitality have pointed to the term in the policy that states:

"If you have added a hospital list to your plan, you must use a hospital eligible on your plan. If you use a hospital that is not eligible on your plan, you will have to pay 40% of the costs of the treatment (excluding consultant's fees) yourself."

Vitality said in the circumstances, they feel it's fairer to contribute the 60% 'off list' amount which is £1,820 once the excess has been deducted. As this is more favourable for Mr W, I don't think this is unfair.

I appreciate Mr W would like the full cost of his surgery reimbursed but I don't think that would be fair to Vitality because it's not covered by the policy. And as above I'm not persuaded Vitality said they would this.

In summary, I think it's reasonable for Vitality to cover 60% of the costs Mr W incurred. I'm satisfied this is a fair outcome for both parties.

Putting things right

Vitality Health Limited need to put things right by:

- Paying Mr W £1,820 to reimburse him 60% of the costs he incurred.

My final decision

I'm upholding this complaint. Vitality Health Limited must put things right in the way I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 28 July 2023.

Georgina Gill
Ombudsman