

The complaint

Ms Y complains about how Vitality Health Limited dealt with a claim against her private medical insurance plan.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here in full. In summary, in September 2020, Ms Y moved to the UK. In June 2021, she registered with a UK GP. In September 2022, Ms Y took out a private medical insurance plan underwritten by Vitality. The plan was on a full medical underwriting basis which meant that Ms Y answered questions about her health. Vitality didn't apply any exclusions to Ms Y's plan.

In October 2022, Ms Y made a claim and wanted authorisation for a referral to an endocrinologist. Vitality asked for further information from Ms Y's GP. That information showed that in July 2022 Ms Y was prescribed medication and in August 2022 she had blood tests. Vitality asked Ms Y to provide her medical records for the previous five years. During part of that period, Ms Y lived abroad. Ms Y's overseas doctor provided some information, but Vitality thought it was incomplete.

I understand that Ms Y had treatment pending Vitality's decision about her claim. In mid-2023, Vitality decided to decline Ms Y's claim but didn't communicate that to her.

Ms Y complained about Vitality's request for medical information and its delay in dealing with her claim. She says that when she took out the plan she wasn't told that she'd need to provide medical history when making a claim. Ms Y said that she didn't have GP records going back five years, as she hadn't been in the UK that long. She says that she provided additional evidence from her overseas doctor. At the time of making her complaint, Ms Y wanted Vitality to authorise her claim.

In response to Ms Y's complaint, Vitality said that there were unavoidable delays in dealing with Ms Y's claim, which was ongoing.

In December 2023, Ms Y cancelled her plan.

One of our investigators looked at what had happened. She said that Vitality's request for additional information, including information from Ms Y's overseas doctor, was reasonable but that there'd been avoidable delays in dealing with Ms Y's claim. The investigator said that very little seems to have happened on Ms Y's claim between January 2023 and September 2023. She recommended that Vitality pay Ms Y compensation of £250 in relation to her distress and inconvenience arising out of its poor service.

There was an exchange of correspondence between the investigator and Vitality and it accepted her recommendation. But Ms Y didn't agree with the investigator. She said that she had private treatment in a hospital on Vitality's list so that when it made a decision about her claim, it could pay what's due. Ms Y said that Vitality charged her premiums

for over 13 months but didn't allow her to use its services, despite the fact that she provided as much information as she could. She thinks that Vitality should refund the premiums she paid. Ms Y doesn't think that £250 is sufficient compensation. The investigator considered what Ms Y said but didn't change her view.

Ms Y says that she has recently received correspondence from Vitality in which it's made serious allegations against her and which also indicates that it was aware in mid-2023 that it was going to reject her claim. She doesn't think that Vitality treated her fairly in continuing to charge her premiums.

Ms Y asked that an ombudsman consider her complaint, so it was passed to me to decide.

In this decision, I'm dealing with Ms Y's complaint about Vitality's handling of her claim up to 29 September 2023, the date of its final response to Ms Y. I understand that events have moved on since then. If Ms Y wishes to complain about the handling of her claim after 29 September 2023, she should complain to Vitality about that in the first instance.

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 relevant rules and industry guidance say that Vitality has a responsibility to handle claims promptly and fairly. I uphold Ms Y's complaint in part and I'll explain why:

- I don't think that Vitality was at fault in seeking additional medical information in order to assess Ms Y's claim. The plan terms provide that Vitality may need further medical history in order to assess a claim. It's common for insurers to ask for medical information when there's a claim soon after the start date of a plan. I don't think that Vitality was required to bring this to Ms Y's attention when she took out the plan. I think that the plan terms were sufficiently clear to enable Ms Y to become aware that Vitality may ask for further information in order to assess a claim.
- I appreciate that during part of the relevant period, Ms Y was living outside the UK. I don't think that Vitality acted unfairly in asking for medical information from Ms Y's overseas doctor.
- Gathering relevant medical information obviously takes time and may delay a decision about a claim but there were additional, avoidable delays in this case. I agree with the investigator's analysis that there were several months when Vitality didn't progress matters. During that time, it didn't keep Ms Y informed about her claim. And in mid-2023, when Vitality made a decision to decline Ms Y's claim, it didn't tell her about that.
- The remaining issue for me to decide is what Vitality should do to put matters right. There's no basis on which I can fairly direct Vitality to refund the premiums Ms Y paid. Vitality decided to decline Ms Y's claim in mid-2023 but only recently came to its conclusion about the information Ms Y provided when she took out the policy – which isn't part of this complaint. Vitality was entitled to collect Ms Y's premium, even though it had declined a claim. And Vitality isn't responsible for medical costs incurred by Ms Y before it has assessed her claim.

- Ms Y was no doubt frustrated that there was delay in dealing with her claim. I think that the investigator's recommendation of compensation of £250 in relation to poor service issues in this case is fair and reasonable. In reaching that view, I've taken into account the nature, extent and duration of Ms Y's distress and inconvenience as a result of Vitality's delays and its lack of communication in its handling of her claim up to 29 September 2023. I appreciate that Ms Y thinks that's insufficient but I'm afraid I don't agree. I've noted that Vitality has accepted the investigator's recommendation in this case.

Putting things right

In order to put things right, Vitality should pay Ms Y compensation of £250 in relation to her distress and inconvenience.

My final decision

My final decision is that I uphold this complaint to the extent indicated above. Vitality Health Limited should now take the step I've indicated above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms Y to accept or reject my decision before 23 April 2024.

Louise Povey

Ombudsman