DRN-4690958

The complaint

Mr G is unhappy that Vitality Health Limited (Vitality) declined his claim under his private medical insurance policy and also with the service it provided.

What happened

Mr G took out a private medical insurance policy in March 2023. Vitality is the underwriter on the policy. The policy was taken out based on 'Full Medical Underwriting' which means that Mr G was required to give Vitality details about his medical history. On this basis, Vitality issued a certificate of insurance, dated 13 March 2023, to Mr G. No exclusions were applied.

Mr G contacted Vitality in May 2023 as he had a GP referral letter to see a consultant about his skin condition. Vitality required further information and asked Mr G's GP to provide this.

This was assessed in August 2023 and while there wasn't at least 5 years of medical history, Vitality reviewed the information available. It said the GP hadn't confirmed any medical concerns regarding Mr G's skin condition, that Mr G was concerned about the condition spreading and that he was managing this with creams.

Vitality declined Mr G's claim on the basis that it was a chronic condition, so the claim wasn't covered under his policy.

Mr G was unhappy and made a complaint to Vitality. He said, when he took out the policy, he was told he would be covered. Vitality reviewed Mr G's concerns and stood by its decision to decline the claim.

Mr G brought his complaint to this service. Our investigator looked into it and partially upheld the complaint. She thought the claim was declined in line with the policy terms and conditions. She also recommended that Vitality offer Mr G £150 compensation as it led him to believe he would be covered for his skin condition.

Vitality didn't agree with the investigator's findings. It says that it hasn't applied an exclusion for the skin condition. But it declined the claim on the basis that it falls under the definition of a chronic condition. However, its claims team will review the more recent information provided by Mr G's GP where he says that the condition was 'poorly controlled'. Vitality explained that it hadn't said that an exclusion should have been applied.

Vitality has asked for the complaint to be referred to an ombudsman. So, it was passed to me.

I issued a provisional decision on 19 February 2024. I said the following:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The insurance industry regulator, the Financial Conduct Authority ('FCA'), has set out rules and guidance for insurers in the 'Insurance: Conduct of Business Sourcebook' ('ICOBS').

ICOBS says that insurers should act honestly, fairly and professionally in accordance with the best interests of their customers, and that they should handle claims promptly and fairly.

The key issue I need to decide is whether Mr G's claim has been declined in line with his policy terms and conditions and whether that is fair and reasonable. Mr G says he's unhappy with the service Vitality has provided, so I'll also look at this.

I've started by looking at the terms and conditions of Mr G's policy as these form the basis of the insurance contract between Mr G and Vitality. The policy sets out what is and isn't covered. On page 26, the section 'Exclusions – what's not covered' defines what a chronic condition is:

> *'A 'chronic condition' is a disease, illness, or injury that has at least one or more of the following characteristics:*
>
> - *It needs ongoing or long-term monitoring through consultations, examinations, check-ups, and/or tests*
> - *It needs ongoing or long-term control or relief of symptoms*
> - *It requires your rehabilitation or for you to be specially trained to cope with it*
> - *It continues indefinitely*
> - *It has no known cure*
> - *It comes back or is likely to come back'*

Below this list, it explains that certain medical conditions need regular consultations and treatment over a long period of time. These are referred to as 'chronic conditions' and treatment for these are not normally covered if the purpose of the treatment is to control the symptoms.

I've listened to the call recordings provided and considered the information both parties have provided.

The advisor on the initial call asked medical questions. Mr G informed Vitality that he went to a skin specialist for his skin condition, and he made a full recovery, but it does sometimes come back. The advisor explained that Mr G wouldn't be under a specialist but only when a claim has been accepted. And if he needed more creams then he would simply need to go to his GP for any prescriptions as those wouldn't be covered under this policy.

The advisor checked with Vitality's underwriters whether any exclusions would apply. She called Mr G back as the underwriters had asked further questions. She asked if Mr G used creams and whether that was in the past. She also asked why he would be using the creams. Mr G confirmed the creams had healed the spots and every now and then, he does need to use them. He said over the last 12 months, he hasn't used the creams. The advisor said she would call back to confirm cover.

The advisor called again and confirmed that Vitality won't be applying any exclusions on the plan. The policy certificate was issued, and I can't see that any exclusions were applied.

I've also reviewed the information that Mr G and his GP provided to Vitality on the 'Condition Information Request' (CIR) form.

Mr G stated that he was diagnosed with the skin condition around 10 years ago. The condition has been fairly stable with the use of ointments and creams which have been prescribed by a dermatologist. He has noticed new patches appearing on the skin and if the condition isn't treated it could spread or worsen.

The GP has stated that the reason for the onward referral was because of the condition being 'poorly controlled'. And the GP states that Mr G had an appointment on 29 March 2023 about worsening of symptoms but there was no indication from the GP that there were any related medical concerns.

Based on the information available, I don't think Vitality has declined Mr G's claim unfairly. A chronic condition is defined under the policy, and I think Mr G's skin condition falls within this definition. There is nothing in the information provided to suggest that the skin condition was an acute flare up. From what Mr G has described, the condition requires ongoing or long-term control, and it can come back or is likely to come back.

In terms of whether the condition should have been applied as an exclusion at the start of the policy, Mr G indicated that he hadn't used any creams for the last 12 months, on the initial sales call. Based on the questions asked and the answers he gave, Mr G hadn't indicated that the condition was ongoing. But when he completed the CIR form, he said the condition was ongoing for 10 years and his GP said the condition was poorly controlled.

I agree with our investigator that more probing, when the policy was being taken out, might have helped. I can see that Vitality has said in the information it provided to us that the condition should likely have been added as an exclusion. It's not clear though when this would have been effect from. But having listened to the calls, the advisor did ask how long Mr G had had the symptoms for and he wasn't clear. After having checked with their underwriters, Vitality accepted the policy with no exclusions applied. While Vitality could have possibly probed further, I can also see why it might not have done so.

I appreciate Mr G thought that on the basis of no exclusions being applied, he would have been covered for his skin condition. But it's not the advisor's responsibility to say whether he would be covered for every eventuality. Also, when a claim is made, there could be a number of listed events that Mr G has cover for under the policy, not just for his skin condition.

In terms of the impact caused to Mr G and the recommendation our investigator made to compensate him £150, I'm not persuaded this is fair and reasonable. This is because I think Vitality did ask questions, at the outset, to decide on whether any exclusions should be applied to Mr G's policy. Further questions were also asked, and Mr G answered them. The underwriters reviewed this and decided not to apply exclusions. So, I can't say that there has been an impact on Mr G which would mean a financial compensation award is fair. Mr G was aware from the call and when he received his certificate of insurance that the policy was underwritten on a 'Full Medical Underwriting' basis and that no exclusions were applied.

When Mr G submitted his claim, because of the information he and his GP provided, meant that his skin condition was deemed to be a chronic condition. Therefore, the claim was declined.

It's not for me to comment further on whether the exclusion ought to have been applied at outset. From the available evidence, I think Vitality made a decision fairly and reasonably, at the start of the policy, based on the information it was given by Mr G and the questions that were asked.

Overall, regarding the claim being declined, I think this was done in line with the policy terms and conditions and I'm satisfied this was fair and reasonable. I don't think there is sufficient evidence to recommend a compensation award of £150 is paid to Mr G. I therefore don't intend to make this recommendation. It would follow that I'm intending not to ask Vitality to do anything further.

Vitality responded to my provisional decision and said it had nothing further to add.

Mr G responded and maintained that he was led to believe he would be covered for his skin condition. He says his claim should be settled on this basis. And the delays he has faced have had a detrimental effect on his mental well-being and his skin condition.

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.

Firstly, I'm sorry to hear that the issues on this complaint have affected Mr G's health and well-being. I do understand it's been difficult for him.

I've reviewed the latest response from Mr G. Having done so, I see no reason to depart from what I've said in my provisional decision. While I appreciate Mr G took the time to provide his comments, I don't think this makes a difference or that there's anything new that I haven't already considered.

I'm therefore sorry to disappoint Mr G, but I don't think Vitality declined his claim outside the terms and conditions of his policy. Based on all the information available, I'm satisfied that Mr G's skin condition falls within the definition of a chronic condition. As such, I'm not persuaded that Vitality declined Mr G's claim unfairly or unreasonably. It follows overall that I don't require Vitality to do anything further.

My final decision

For the reasons given above, I don't uphold Mr G's complaint about Vitality Health Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 18 April 2024.

Nimisha Radia
Ombudsman