DRN-4922100

The complaint

Miss R complains about the service she received from Vitality Health Limited following her claim against a group private medical insurance policy. Mr B is assisting Miss R in bringing her complaint. For ease of reference, I'll refer to all submissions as having come from Miss R herself.

What happened

In summary, from 1 October 2022, Miss R had the benefit of private medical insurance provided by Mr B's employer. Miss R's membership is on a moratorium basis. That means it doesn't cover pre-existing medical conditions Miss R had in the five years before her cover started until she has been a member for two years in a row and had a period of two years in a row trouble-free from that condition.

In November 2022, Miss B made a claim in relation to a lump on her spine. Vitality asked for a self-declaration and referral from Miss R's GP, which Miss R provided. Vitality said the referral from Miss R's GP didn't contain sufficient information, so it asked for a completed claims information request form (CIR). In December 2022, Vitality asked Miss R to provide a second CIR from a GP who holds at least five years' of her medical history.

In February 2023, Miss R sent Vitality her medical records. Vitality declined Miss R's claim on the basis that it related to a pre-existing medical condition but later the same day it authorised the claim up to the point of diagnosis.

Miss R complained to Vitality about how it had handled her claim. In response to the complaint, Vitality said it should have asked for a CIR from the outset. It said it required medical information in order to establish whether Miss R's claim was covered by the policy. Vitality apologised for its initial incorrect decision to decline Miss R's claim and the difficulties in contacting the claims team. It offered compensation of £150. Miss R didn't think that was sufficient and pursued the complaint.

Miss R says Vitality's handling of her claim caused distress and inconvenience and delayed her treatment. She says Vitality hasn't provided the underwriting document she asked for. Miss R wants compensation for pain and suffering, loss of earnings and for the impact on her health.

One of our investigators looked at what had happened. She thought the compensation Vitality had already offered was fair and reasonable. The investigator said Vitality was entitled to ask for further medical information following Miss R's claim and it had apologised for a slight delay in asking for that information.

Miss R didn't agree with the investigator, so the complaint was passed to me to decide.

In this decision, I'm dealing with Miss R's complaint to Vitality, to which it responded in its final decision letter of 15 May 2023.

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.

I've taken into account the law, regulation and good practice. Above all, I've considered what's fair and reasonable. The relevant rules and industry guidance say that Vitality has a responsibility to handle claims promptly and fairly and it shouldn't reject a claim unreasonably. I think the compensation Vitality has already offered in this case is fair and reasonable. I'll explain why:

- Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it's willing to cover and set these out in the terms and conditions. In Miss R's case, Vitality didn't accept the risk of pre-existing conditions.

- I appreciate Miss R was in pain and wanted to proceed with diagnosis and treatment but I don't think Vitality acted unfairly or unreasonably in asking for medical information in this case. It wanted to satisfy itself the claim wasn't for the treatment of any medical condition or related condition which Miss R had in the five years before her cover started. The membership guide says:

  '***Before you have any treatment***
  - *Ensure you're registered with a **UK GP** and that they have your full medical records. This will help avoid delay in getting your **treatment** authorised.*
  - *Obtain a referral from your GP for your treatment […]*

  Getting authorisation for your treatment
  […]
  Sometimes, particularly if you claim in the first one or two years after joining us, we may need you to send us a fully completed claim form to help us assess your claim. We will normally ask for details of your medical history for at least the previous five years, with sections for both you and your GP to complete. […]'

- Vitality has accepted it should have asked Miss R for a CIR at the outset, rather than a self-declaration and referral from her GP. I don't think that delayed the claim unduly as Miss R first made the claim on 1 November 2022 and Vitality's notes show it left a message asking for a CIR on 3 November 2022.

- Miss R complains that Vitality couldn't find her on the policy until 15 November 2022. I've seen from Vitality's system notes that it dealt with the claim from the date it was received on 1 November 2022, so I don't think that any difficulties about finding Miss R's cover delayed the claim.

- I've looked at the chronology of events generally. When Vitality received sufficient medical information in February 2023, it authorised a consultation and diagnosis, after having initially declined the claim in error.

- Miss R complains that Vitality didn't send her the policy document she'd asked for. The policyholder in this case is Mr B's employer. Documentation is usually provided by the employer. But I've seen from Vitality's system notes that it offered to show Miss R how to access documentation. So, I don't think I need to make any further direction about this.

- Vitality has acknowledged there were difficulties contacting the claims team and has apologised for that.

- I don't think Vitality's errors in this case caused Miss R's pain and suffering. And there are no grounds on which I can fairly direct Vitality to compensate her for loss of earnings. Considering everything, I think Vitality's offer of compensation of £150 is fair and reasonable. In reaching that view, I've taken into account the nature, extent and duration of Miss R's distress and inconvenience caused by Vitality's errors in this case.

Putting things right

In order to put things right, Vitality should pay Miss R the compensation of £150 in relation to her distress and inconvenience which it has already offered to pay.

My final decision

My final decision is that Vitality Health Limited should now take the step I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 19 August 2024.
Louise Povey
Ombudsman