

The complaint

Miss B has complained about the service received by Vitality Life Limited trading as Vitality Life regarding her life and critical illness policy.

What happened

Miss B had a life and critical illness policy with Vitality Life from 2018. The policy lapsed in 2023 due to confusion about outstanding premiums. Vitality offered to reinstate the policy and waive seven months premiums, but it requested Miss B complete a supplementary health questionnaire to allow it to underwrite the policy again.

Unhappy, Miss B referred her complaint to our service.

Our investigator recommended that the complaint be upheld. He felt that Vitality had acted fairly by offering to reinstate the policy and write off premiums. However, he didn't think it was fair to require Miss B to complete a new medical questionnaire.

Vitality didn't agree. It said that as Miss B had cancelled her direct debit it was reasonable to seek that the policy was underwritten again. It felt that by agreeing to waive seven months premiums and making a goodwill gesture of £100 it has addressed Miss B's concerns fairly.

As no agreement has been reached the matter has been passed to me to determine.

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 summarised the background to this complaint - no discourtesy is intended by this. Instead, I've focused on what I find are the key issues here. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. I agree with the conclusions reached by our investigator for the following reasons:

- It is not in dispute that mistakes occurred in the handling of Miss B's plan from 2022. I won't recount the details here – they are well known to the parties. Suffice it to say that Miss B experienced very poor service, was given conflicting and incorrect and didn't receive promised call backs. Vitality has to conduct its business with due skill, care and diligence, I don't find it did so here. I'm satisfied that this caused Miss B trouble, inconvenience and upset. I'm pleased to note that Vitality recognised this and offered compensation of £100. I find that compensation was merited and the sum offered was fair.
- Miss B has said she's no longer confident in Vitality's dealing with its customers. I can understand why this is so. But I don't agree that she should be returned the premiums she has paid since 2018 – as she was on cover until the policy lapsed and a valid claim would have been paid.

- Vitality has offered to reinstate the policy and to waive the premiums due between January 4 and August 4, 2023. I think that is fair, given the overall confusion that was caused. Vitality accepts that it made incorrect direct debit charges due to processing errors. So even though the policy provides that Vitality can cancel the policy if premiums aren't paid, I can understand why Miss B cancelled her direct debit when she did. I don't find that Miss B was responsible for the confusion.
- Vitality said that it requires Miss B to complete a 'Supplementary Health Questionnaire'. This would mean that it would underwrite the policy again from reinstatement. Vitality must pay due regard to the interests of its customers and treat them fairly. Given the reasons for the policy lapse, I don't think requiring Miss B to undergo this underwriting would result in a fair outcome for her.
- I appreciate that my decision means that Miss B will need to pay the premiums for cover after August 2023. I find that it would be fair for Vitality let Miss B know how much is now outstanding and to offer her a payment plan, should she choose to accept my decision.

Putting things right

I require Vitality to:

- Let Miss B know the sum required in outstanding premiums.
- Offer Miss B a payment plan in order to repay those premiums.
- If Miss B wishes, re-instate her policy as it was before it lapsed.
- Forgo the requirement for Miss B to complete a Supplementary Health Questionnaire.
- Pay Miss B £100 offered in compensation, if it hasn't already done so.

My final decision

My final decision is that I uphold this complaint. I require Vitality to put things right as indicated above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 15 October 2024.

Lindsey Woloski
Ombudsman