

The complaint

Mr F complains about the price quoted by Vitality Health Limited ("Vitality") to continue his private medical insurance policy.

What happened

Mr F had private medical insurance through his employer's Business Healthcare plan. Mr F then contacted Vitality and requested a continuation quote as he was considering leaving his employer and wanted to know what it would cost him to continue with the healthcare plan. Mr F says, initially, Vitality wouldn't provide a continuation quote but then later gave him a quote which Mr F describes as 'extortionate' and impossible to pay. Mr F complained about the price quoted and said it was unfair based on providing cover for a healthy family.

Vitality responded and explained that, when Mr F contacted Vitality, he was informed they were unable to provide indicative quotes. Vitality explained a continuation of cover allows members to purchase a new plan on a personal basis, but with their existing underwriting terms. They said Vitality assess the application in line with current pricing structures, considering a member's medical history, including their claims history with Vitality, to provide a quote. They said the pricing factors they may apply to an application can and does change frequently based on various factors. They said, therefore, to avoid a situation where Vitality may provide an indicative quote that is substantially lower than the quote a member later receives when they have a confirmed leave date, Vitality have chosen not to provide indicative quotations. Vitality said they correctly declined to provide an indicative quotation for a continuation of cover – they said this is a decision Vitality had taken in the best interest of their members. Vitality said, since raising this complaint, they're aware that Mr F provided Vitality with a confirmed leave date and was unhappy with the quoted premium.

Vitality said insurance products are priced according to the risk an individual or group present at point of sale. They said, when an existing member wishes to purchase a continuation of cover, Vitality will assess the risk presented at point of sale much like a new customer, except they have access to the member's claims history with Vitality. Vitality said, when assessing a member's claims history, they will often look to mitigate some of the known and future risk of the plan by offering a continuation of cover but with an increased premium, when compared to the premium paid on their employer's Business Healthcare plan. Vitality confirmed the pricing factor applied to Mr F's quotation was correct and in line with their pricing structure.

Our investigator looked into things for Mr F. He thought Vitality hadn't treated Mr F unfairly in relation to the pricing and in not originally providing a continuation quote. Mr F disagreed so the matter has come to me for a decision.

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.

Having done so, I've decided not to uphold the complaint. I understand Mr F will be disappointed by this but I'll explain why I have made this decision.

The role of this service when looking at complaints about insurance pricing isn't to tell a business what they should charge or to determine a price for the insurance they offer. This is a commercial judgement and for them to decide. But we can look to see whether we agree a consumer has been treated fairly – so is there anything which demonstrates they've been treated differently or less favourably. If we think someone has been treated unfairly, we can set out what we think is right to address this unfairness.

I can see Mr F received a continuation quote of £2,456 per month for a Personal Healthcare plan – which was one of the continuation options available to Mr F after moving from the Business Healthcare plan.

Vitality have explained how the Personal Plan is on a different pricing structure to the Business Plan. They've also explained how the continuation option plans carry a different risk to other plans they offer. It's not unusual or uncommon for a business to rate two separate products according to a different pricing structure. I acknowledge Mr F may feel this is unfair, particularly given the price difference between the two products. But it's for a business to decide what risks they're prepared to cover and how much weight to attach to those risks - different insurers will apply different factors. And the same insurer might apply different factors and loadings to different products. That's not to say an insurer offering a higher premium for a particular product has made an error if a separate product offered by the same insurer is cheaper - but rather, it reflects the different approach they've decided to take to risk. So, I can't say Vitality have made an error if there's a difference in pricing between a Personal Plan and Business Plan.

In their complaint response, Vitality say they take into account a customer's medical and claims history. And, from the information Vitality have provided, I can see that's what they've done when assessing the risk here and I can see why that has impacted the price. I can't say the factors which Vitality have taken into account here are unusual or uncommon when assessing risk for a private medical insurance policy. This forms part of Vitality's pricing model. I think that's important here as it demonstrates Mr F hasn't been treated any differently to any other customer in the same circumstances. So, I can't say Vitality have treated Mr F unfairly here.

I can see Mr F refers to a section of Vitality's website which covers the options available to a member should they leave a company, and therefore are no longer a member of the Business Healthcare plan. This says members have the option to continue with no change to the way Vitality treat that member's medical history – which means that if a member has previously been covered for a particular condition and has made a claim, Vitality will still cover them for ongoing treatment for that condition. I acknowledge Mr F feels this is misleading when the reality is the price being offered is impossible to pay. I do acknowledge Mr F's point here, but there's nothing I've seen from the information which suggests that the cover Mr F was looking for here – and for which he received a continuation quote – wouldn't have provided Mr F with ongoing treatment for a condition for which there had already been a claim. So I can't say Vitality have provided misleading information here. I do acknowledge Mr F considers the price is very high, but I've already covered the reasons for this above.

I note Mr F wanted a continuation quote but Vitality were unable to provide this initially as, they say, it's a business decision not to provide hypothetical quotations in circumstances where a leaving date is not yet known. I think it's important for me to point out, our service does not have the power to direct a business to change their processes, or to tell a business what their process should be when providing quotes. I can look to see whether Vitality have acted fairly though. I don't think it's unreasonable for Vitality to take the view that it's not in

their customers' best interests to be given a quote, based on a hypothetical leaving date, only to then get a revised quote after a confirmed leaving date has been provided. The price of a policy is determined by various risk and rating factors – and these do change frequently. So a quote based on a hypothetical scenario would likely change once definitive information has been added. So while I can't say Vitality have acted unreasonably here, I can see a continuation quote was later provided once Mr F was able to confirm a leaving date. So I think Vitality have acted reasonably in the circumstances here.

I understand why Mr F has complained, and I hope he feels reassured that I've checked the pricing information from Vitality. But I can't say they've made a mistake or treated Mr F unfairly. I wish to reassure Mr F I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 12 November 2024.

Paviter Dhaddy
Ombudsman