DRN-5042105

The complaint

Mr B is unhappy with Vitality Health Limited's decision not to pay his claims. He's also unhappy with the customer service he received.

What happened

Mr B had private medical insurance cover with Vitality provided by his previous employer. The cover ended on 26 July 2023 as Mr B was made redundant, however, he explained that he was unaware his on-going claims would no longer be paid. Mr B's first claim was for mental health treatment and the second claim was for urologist's costs.

Mr B said he was told by Vitality that it'd authorised 16 sessions with a mental health specialist and so it should effectively honour that commitment. Mr B said Vitality should also pay his second claim as this too was authorised during the period of cover. Mr B also complained about the overall service he received from Vitality and said it caused unnecessary delays by not recording his initial claim in May 2023.

Vitality agreed Mr B's initial claim wasn't correctly logged or actioned on 4 May. However, Vitality also said its liability ended on 26 July 2023 as Mr B was no longer employed by its policy holder and therefore, it declined to pay for any treatment after that. Vitality paid Mr B £25 compensation and sent him a gift by way of an apology.

Mr B, unhappy with that, brought his complaint to this service. Our investigator said that Vitality should have done more than it did to help make things clearer for Mr B. She agreed it was no longer responsible for paying Mr B's treatment costs after his employment had ended. But she felt Vitality didn't do enough to make it clear cover would end partway through his mental health treatment plan, particularly as Mr B told Vitality his employment was ending soon.

Our investigator noted Vitality made this clear on his second claim and so made no award for that. Overall, she recommended Vitality pay Mr B £200 compensation for the poor customer service he received and for the loss of expectation and the disappointment of his treatment costs not being covered for his mental health claim.

Vitality accepted her findings, however, Mr B didn't. In summary, he said Vitality should pay the associated costs for the same reasons previously mentioned. He also said he's being pursued by third-party recovery agents and that this is causing him significant distress as he doesn't have the money to pay those costs. And so, it's now for me to make a final 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 to partially uphold Mr B's complaint however I won't be departing from the outcome reached by our investigator as I think it's fair and for the same

reasons she explained. And so, Vitality doesn't need to do anything further in respect of this complaint. I'll explain why.

I know that's going to come as a disappointment to Mr B as he's looking for his medical costs to be paid, but I'm satisfied Vitality's decision not to pay them was fair. I say that because Mr B's cover ended when his employment did and so I think it'd be unfair for Vitality to continue to pay for his treatment in those circumstances. Mr B argued that Vitality authorised 16 sessions for his mental health treatment and so it should effectively continue to honour that agreement, however, that's not how the policy works. The policy terms make it clear that cover ends when the policy ends. The terms say;

"If your company plan is cancelled or you leave the employment of the planholder If your company plan is cancelled for any reason, or if you leave the employment of the planholder, then cover for you and your insured dependants will end on the cancellation date, or on your leaving date, whichever is the earlier. Once your cover under this plan ends, no further benefit will be payable for treatment received after that date. This will be the case even if:

• *the claim originally started before the cover ended, or*

• *you and/or your insured dependants are in the middle of treatment, or*

• *you and/or your insured dependants have pre-notified us of further treatment required"*

Vitality has an obligation under the Insurance Code of Business Sourcebook (ICOBS) to handle claims promptly and fairly. It's also expected not to unreasonably avoid claims. I'm satisfied Vitality has fulfilled its responsibility here because it's declined the continued liability of Mr B's claims in line with the policy terms. In other words, it's not acted unfairly or unreasonably because the policy terms say it'll stop paying for treatment once cover has ended. In this case, I'm satisfied cover ended when Mr B's employment did as this was a group policy provided by Mr B's previous employer.

In this instance, Vitality's only responsible for paying the mental health treatment until 26 July 2023, when the policy ended. From the evidence I've seen, I'm satisfied Vitality did that and so I make no award here.

The customer service Mr B received was, at times, poor. I accept his testimony about the delays he experienced raising his claim. He'd attempted to do that online on 4 May 2023, however, he didn't hear back from Vitality until he called to check what was happening on 18 May. Vitality explained the claim wasn't actioned as it should have been and accepted this initially delayed Mr B's treatment.

It was during that conversation Mr B explained he was being made redundant. I'd have expected that Vitality acknowledge that and ask more about it, but it didn't. I think had it probed more here, then it most likely would've led on to a conversation about what would happen once the policy ends. And so, I agree Vitality missed an opportunity here to make things clearer for Mr B, in particular, that cover would end alongside his employment. I note when Mr B made his claim for the urologist, Vitality explained that in a letter, but I think it could've done that earlier than it did and as part of the conversation on 18 May where he was claiming for mental health treatment. I should also say Mr B made his claim for the urologist the same day his employment came to an end and so I'm satisfied this was declined fairly.

So, I agree the overall service Mr B received was below reasonable expectations which is why I think the £200 compensation awarded by our investigator is fair. However, I don't think it fair for Vitality to pay Mr B's treatment costs for the reasons I've explained. I understand Mr

B is concerned about that because he doesn't have the money to pay for those costs. However, I'd encourage him to engage with the third-party to explain his personal circumstances and try to agree an arrangement to pay those costs. There are also other third parties that could potentially help with arranging that.

Putting things right

I understand Vitality has already paid Mr B £200 compensation and so there's nothing more it needs to do in the circumstances.

My final decision

I'm partially upholding Mr B's complaint for the overall customer service he received and Vitality Health Limited must pay £200 compensation for the distress and inconvenience caused.

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

Scott Slade
Ombudsman