DRN-5299343

The complaint

Mr D has complained that Vitallity Health Limited has declined cover under a private medical insurance (PMI) policy.

What happened

Mr D had arranged treatment for two different medical conditions. He had a consultation for the first condition on 12 December 2023. For the second condition, he attended five physiotherapy appointments between 27 October 2023 and 2 February 2024.

Vitality paid for the first physio appointment but declined to pay for all the other treatment on the basis that the policy was cancelled on 29 October 2023.

In responding to the complaint, Vitality accepted that there had been some delay in the email correspondence regarding Mr D's querying of the bills he received in March 2024. It therefore offered him £25 compensation for that poor service, However, it maintained its position in relation in declining to pay for the treatment.

Our investigator thought that Vitality had acted reasonably in declining to pay for those treatments, in line with the policy terms and conditions. Mr D disagrees and so the complaint has been passed 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.

I've carefully considered the obligations placed on Vitality by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for Vitality to handle claims promptly and fairly, and to not unreasonably decline a claim.

Mr D held a corporate policy provided by his employer ('the planholder'). That company, of which Mr D was a director, went into liquidation on 28 November 2023. Prior to that, they had stopped paying the monthly premiums. Vitality sent payment chasers, giving the planholder the opportunity to reinstate the direct debit and catch up on the arrears. However, it didn't receive a response and so wrote to the planholder on 19 January 2024, cancelling the policy with effect from 29 October 2023 (that being the last payment date).

Mr D had an appointment with Vitality's GP on 19 October 2023. It was at that point that approval to see the consultant was given. So, that was before the policy cancellation date.

Mr D then contacted Vitality on 23 October 2023 about a second condition. It was on this date that approval for up to 12 sessions of physio was authorised. So again, before the policy cancellation date.

Mr D says he was told in writing that he was covered for another year. A renewal notice was sent on 30 October 2023. The information provided at that time was correct as Vitality had

no reason to believe the premiums would not be paid. So, although Mr D says he was misled or even lied to, that was not the case. It was on 1 November 2023 that the planholder cancelled the direct debit. Regardless of that, being sent a renewal notice isn't a guarantee of cover. Any continuation of cover would still be subject to the policy terms and conditions.

Looking at the policy terms, they state:

'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.'

And:

'*We will discuss renewal terms and other matters of administration only with the Group Secretary (acting on behalf of the planholder) and not with any individual insured member. Your entitlement to benefit will end after the last day of your cover. We will only be liable for the cost of eligible treatment that takes place before that date. Once your cover under this plan ends, no further benefit will be payable for any treatment received after that date by you or any of your insured dependants.*

This will be the case even if:

• *a claim started before your cover ended, or*

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

• *we have authorised treatment that is due to take place after your cover has ended, or*

• *you have notified us of further treatment that is due to take place after your cover has ended.*

Based on the available evidence, I'm satisfied that Vitality acted reasonably in contacting the company secretary, in accordance with the above policy terms. It cannot be held responsible if the planholder failed to tell its employees that cover had ended.

Mr M says he thought he was covered as the renewal email strongly implied that Vitality had been paid. Mr M was receiving the cover as a staff benefit. It would be unusual for someone to expect such a benefit to continue when they were no longer employed by that company, especially if that company had gone into liquidation. So, by 28 November 2023 at the latest, I consider it more likely than not that he ought reasonably to have known that there might be an issue with his cover. In which case, he could have contacted Vitality for confirmation.

Mr M says he received contact from Vitality on or around 20 January 2024 about the cancellation. I've considered whether it could have contacted him any earlier to allow him to mitigate his losses by cancelling some treatment sessions.

As already mentioned, Vitality had contacted the planholder's company secretary in relation to non-payment of the premiums. It first made contact on 2 November 2023, then again on 30 November 2023. There was the opportunity for the planholder to reinstate the policy, so it wouldn't have been appropriate for Vitality to contact individual members at that time. Besides, the policy terms make it clear that it will only deal with the planholder about the administration of the policy.

When the planholder failed to respond, Vitality wrote again on 19 January 2024 to confirm the backdated cancellation. As it wrote to Mr D the following day, I'm unable to conclude that

there was any unnecessary delay. I understand that Mr D was away and didn't see the email until later, however, I can't hold Vitality responsible for that.

I've thought very carefully about what Mr D has said. However, overall, I'm satisfied that Vitality has acted reasonably in declining to pay for treatment, in line with the policy terms and conditions. It follows that I do not uphold the complaint.

Mr D should contact Vitality now if he wishes to accept the £25 previously offered for distress and inconvenience.

My final decision

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 24 March 2025.

Carole Clark
Ombudsman