DRN-5456121

The complaint

Mr O has complained that Vitality Life Limited declined a claim he made under his income protection policy. He has also complained delays in handling his claim.

What happened

The details of this complaint are well known to the parties. In summary Mr O's policy provided life cover and income protection benefit after a deferred period of 12 months.

Mr O was self-employed. He ceased to work in September 2023 due to his mental health. He first attended his GP about this in February 2024. Vitality declined his income protection claim. It said that own occupation cover didn't apply as Mr O wasn't actively work or had ceased to work for less than a month when his incapacity began. So it assessed his claim under the houseperson category. As Mr O didn't meet the criteria under the activities of daily living, it declined his claim.

Vitality offered £250 in compensation for the service Mr O had received. Unhappy, Mr O referred the complaint here.

Our investigator didn't recommend that the complaint was upheld regarding Mr O's claim but felt that the compensation was low and recommended that it be increased to £500. Vitality agreed to this, but Mr O appealed.

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.

Although 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.

The regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So I've considered, amongst other things, the relevant law, the policy terms and the available evidence, to decide whether I think Vitality treated Mr O fairly.

Having done so, and although I recognise that Mr O will be very disappointed by my decision, I agree with the conclusion reached by the investigator for the following reasons:

- Mr O stopped working in September 2023. He first consulted his GP about his mental health in February 2024. His policy terms say that if a claim is made more than one month after leaving work, Vitality will assess the claimant as a 'houseperson'. I don't find that Vitality erred in assessing the claim under this category. The policy goes on

to explain that benefit will be paid if the claimant cannot perform three out of the six activities of daily living. The activities of daily living are: Continence, Dressing, Feeding, Mobility, Transferring, and Washing. Mr O has claimed because of his mental health, it follows there is nothing to show he can't perform any of the activities of daily living. This being so I don't find that Vitality unfairly declined his claim.

- I understand why Mr O felt that the service he received was less than he expected. There were numerous delays and call backs weren't made as promised. Mr O was also promised a turnaround time of 14 days on more than one occasion but this timescale wasn't met. Vitality spent months assessing the claim focusing on Mr O's disclosures regarding his mental health when the application of the policy terms meant Mr O should always have been assessed under the houseperson criteria. Vitality accepted that compensation was due to Mr O and offered £250. Our investigated recommended £500 as a more appropriate sum. I find that sum is fair in the circumstances and Vitality agreed.

- However Mr O also said Vitality had said it would 'pay-out without any checks' and that payments were guaranteed. He said he had sent emails to Vitality about this. Our investigator asked Mr O to send evidence of these guarantees, whether through emails or any documents received from Vitality. Additionally, if this was mentioned in any telephone call the investigator asked Mr O to provide the dates. Mr O didn't send in any evidence in support and Vitality had no record to show it was confirmed to Mr O that his claim would be approved. In these circumstances I'm not persuaded that Mr O was given any guarantee that his claim would be paid.

- I am satisfied that this was a very stressful time for Mr O, who was off work, suffering with his mental health and understandably was hoping for financial support from his policy. Although I don't find that his claim was payable for the reason given above, I'm satisfied Mr O was caused distress and inconvenience by delays in the claims process. I find that compensation is due and that £500 is fair in the circumstances.

My final decision

My final decision is that I uphold this complaint in part. I require Vitality Life Limited to pay Mr O £500 in compensation. It may deduct any sum in compensation already paid in relation to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 7 May 2025.

Lindsey Woloski
Ombudsman