DRN-5476798

The complaint

G complains that Vitality Health Limited mis-sold a private health insurance policy.

What happened

G is represented by Mr H, a director.

Mr H says that when he bought the policy for G, Vitality told him that there's full cover for in-network physiotherapy, and out-of-network physiotherapy was covered up to £35 per session. But when Mr H made a claim, Vitality told him he could only access physiotherapy through one of its partners, as he had chosen a "Consultant Select" policy for G.

Mr H says he specifically wanted cover for out-of-network physiotherapists. So, if the policy didn't provide this, he says Vitality mis-sold the policy. Mr H wants Vitality to refund the premiums G paid for the policy.

Vitality didn't think it had done anything wrong, as Mr H had chosen a "Consultant Select" policy for G. But it accepted the policy certificate provided conflicting information, so Vitality agreed to cover any eligible physiotherapy Mr H needed at the out-of-network rate.

Unhappy with Vitality's response, Mr H cancelled G's policy and brought a complaint to this Service on G's behalf. When responding to G's complaint, Vitality changed its position and said the policy documents were clear.

One of our investigators looked into what had happened. She noted that Vitality had told Mr H during the sales call that out-of-network physiotherapists would be covered up to £35 per session, and this was supported by the policy documents. So, she thought this was part of the cover Vitality sold G. The investigator thought that a fair and reasonable outcome would be for Vitality to pay G £200 for the inconvenience caused in having to cancel the policy and arrange other health insurance cover.

Vitality didn't agree with the investigator's findings, as it didn't think it had made any errors. Mr H didn't agree either. He said Vitality's actions had impacted G's reputation, and one employee had since developed a medical condition that would be considered pre-existing by another insurer.

As no agreement was reached, the complaint has been passed to me to decide.

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.

Vitality has said that as Mr H chose "Consultant Select" cover for G, anyone covered on the policy would need to access physiotherapy through Vitality's partners. However, I don't think Vitality made this clear when Mr H took out the policy.

Mr H called Vitality to take out a policy on behalf of G, to cover its employees. The advisor recommended “Consultant Select” which meant that Vitality would choose the consultant and hospital. Mr H agreed to go ahead with this cover. However, when the advisor discussed outpatient treatment, he said that Vitality would contribute £35 towards an out-of-network physiotherapist.

I don’t think this is clear from the policy documents either. The policy certificate explains what “Consultant Select” option means, but this only refers to consultants and hospitals. As the investigator set out, the definition of consultant in the policy terms doesn’t appear to include physiotherapists. The certificate also says under “outpatient cover” that out-of-network physiotherapy is covered up to £35 per session.

The only mention that I can see that says therapists – rather than consultants and hospitals – are also included in the “Consultant Select” option is on page 39 of the policy terms and conditions. If Vitality maintains that the hospital option selected also covers physiotherapists under the outpatient cover, this isn’t clear in the policy documents.

Overall, I think Vitality has caused G inconvenience when the confusion what the policy covered led to Mr H cancelling the policy. But I don’t think I could fairly ask Vitality to refund any premiums, as G still benefitted from having private health insurance cover in place for its employees, and claims were made under the policy. So, I’m satisfied Vitality has been on risk for the policy.

Having listened to the sales call, I’m also not persuaded that having cover for out-of-network physiotherapy was the main reason for Mr H taking out a private health insurance policy on behalf of G – albeit I accept it was a factor.

Mr H says this has damaged G’s reputations with its employees, and one of them now has medical condition that she’s having to seek treatment for through the NHS. The condition will also now be considered pre-existing by new insurers.

Vitality has said that only Mr H made a claim for physiotherapy under the policy (which it agreed to cover). So, I’m not persuaded that there’s been reputational damage caused. And I don’t think G’s employee falling ill so shortly after Mr H decided to cancel G’s policy is something Vitality could reasonably have foreseen. In any event, I can only consider the impact on G under this complaint, and not any impact on its employees or directors.

Considering the confusion and G having to seek private health cover elsewhere, I think Vitality needs to pay G £200 for the inconvenience caused.

My final decision

My final decision is that I uphold G’s complaint in part and direct Vitality Health Insurance to pay it £200 for the inconvenience caused.

*Vitality must pay the compensation within 28 days of the date on which we tell it G accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% simple per annum.

Under the rules of the Financial Ombudsman Service, I’m required to ask G to accept or reject my decision before 25 July 2025.

Renja Anderson
Ombudsman