DRN-5535005

The complaint

Miss P complains about how Vitality Health Limited ('Vitality') handled claims under her private medical insurance policy.

What happened

Miss P took out a fully medically underwritten private medical insurance policy, provided by Vitality, through an independent broker in May 2023. There were administration issues surrounding the setting up of the policy due to an error by Vitality, which were subsequently rectified. Miss P didn't renew the policy after the first year. In July 2023, Miss P submitted a claim under her policy. Vitality never took any action about this claim.

In January 2024, Miss P submitted another claim under her policy for similar symptoms. Vitality said the claim wasn't covered because Miss P hadn't been registered with an NHS GP in the UK for a certain period of time. Miss P complained to Vitality about this, as well as about customer service issues including comments which Vitality had made to her on the phone. Vitality sent Miss P a food hamper and subsequently also sent Miss P a cheque for £200. Miss P didn't accept Vitality's offer of £200 compensation and says she couldn't have cashed the cheque anyway, as her name was spelled incorrectly.

As Miss P remained unhappy, she brought her complaint to the attention of our service. One of our investigators looked into what had happened and said he didn't think Vitality had acted fairly or reasonably in the circumstances. He recommended that Vitality should assess Miss P's claim for her private medical treatment and pay her a total of £500 compensation. Vitality didn't accept our investigator's recommendations and Miss P accepted them in part, so the complaint was referred to me.

I made my provisional decision about Miss P's complaint in April 2025. In it, I said:

'I won't be addressing Miss P's complaint about the administration errors Vitality made when this policy was set up. This is because Vitality issued a final response letter about this matter in July 2023 and Miss P didn't bring her complaint to our service until September 2024, which is outside of the time-limits for our service to consider a complaint set out under the rules that govern us. But, in addition to Miss P's complaint about Vitality's decision to decline her claim, I'll also be addressing the customer service issues which Miss P has outlined. While this complaint point was originally addressed in a final response letter from Vitality dated early March 2024, the issue was addressed again in a later final response letter from Vitality, and I'm satisfied Miss P brought that complaint to us within our time-limits.

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims fairly, shouldn't unreasonably reject a claim and should provide reasonable guidance to help a policyholder make a claim, as well as appropriate information on its progress. Industry rules also say firms should take reasonable steps to ensure a customer only buys a policy under which they are eligible to claim benefits. It's the responsibility of the insurer (not the broker) to ensure that any eligibility requirements and/or significant limitations on cover are clearly set out in the policy documentation. I've taken these rules into account when making this provisional decision, and I've also taken into account what I

consider to be good industry practice.

I can understand why Vitality may not want to provide cover unless a policyholder is registered with an NHS GP in the UK for a certain period of time, and I accept its internal criteria may refer to this as being a requirement for cover to be offered and/or confirmed. But this isn't stated anywhere within the policy terms and conditions or any of the other policy documentation that I've seen which was issued to Miss P. Nor are there any policy conditions or exclusions relating to the policyholder's failure to register with an NHS GP in the UK. Vitality has acknowledged this.

This means it's not fair or reasonable for Vitality to decline Miss P's claim on the basis that she wasn't registered with an NHS GP in the UK. I find Vitality's stance in this regard surprising when taking into account general principles of insurance and relevant regulatory rules and I don't agree with its interpretation of the policy wording. A reference to the fact that Vitality 'may' require medical history doesn't entitle Vitality to decline a claim in these circumstances. I also don't think it was reasonable for Vitality to repeatedly tell Miss P that her broker should have told her about the requirement to be registered with an NHS GP in the UK when I'm satisfied that no such requirement exists under the terms and conditions of Miss P's contract with Vitality.

For the avoidance of doubt, I've seen nothing to suggest that Miss P was trying to prevent Vitality from accessing her medical records. I accept what Miss P has told us about the date she registered with a private GP in the UK, and I also accept Miss P's explanations about certain difficulties in obtaining medical records from countries she previously lived in. It's clear to me from the content of Vitality's notes that Miss P did her best to co-operate and provide as much information as she could about her medical history.

Vitality responded to our investigator's recommendation to assess Miss P's claim to say it can't do so without access to her medical history. I fully accept that an insurer is entitled to make reasonable enquiries into the circumstances of a claim before confirming cover. Vitality can't make these reasonable enquiries in this case through no fault of its own. While I'm satisfied that there is no fault on the part of Miss P here either, I don't think it would be fair or reasonable to direct Vitality to either assess or to pay Miss P's claim for her private medical treatment in these circumstances.

I note Miss P is seeking a refund of the premiums she paid for this policy. I find Vitality's arguments in this regard somewhat contradictory. On the one hand, it says Miss P should never have been sold this policy and that she isn't eligible for any claim relating to private medical treatment. On the other hand, Vitality says Miss P could have benefitted (and, indeed, did benefit) from other cover under the policy such as private GP consultations, contributions towards prescriptions and minor diagnostic tests, cash benefits in certain circumstances and physiotherapy as well as rehabilitation for broken bones. I don't accept that any of these benefits are a primary reason why the majority of policyholders take out a private medical insurance policy but, nonetheless, I don't think directing Vitality to refund Miss P the premiums she paid for this policy would be fair or reasonable in circumstances where some of these benefits have previously been used (regardless of Miss P's comments about issues she experienced when accessing these benefits).

Having said all of that, Miss P has been left out of pocket by over £1000 in respect of the premiums she paid for the policy, and by a further amount of over £1000 for the money she paid for private medical treatment. I don't think this is a fair or reasonable position for Miss P to be left in as a result of what I think was Vitality's mistake, and I'm satisfied that it's appropriate to reflect some of Miss P's financial losses within an award of compensation. This isn't something which I'd generally recommend but it's in line with my remit to do so, with the aim of bringing some finality for both parties to this complaint.

In addition, I think Miss P has been significantly and substantially impacted over a number of months as a result of Vitality's mistakes. Miss P was suffering from the effects of a medical condition which was affecting her day-to-day life on a regular basis when Vitality unfairly declined her claim, and Miss P was specifically noted to be very upset about the situation during a number of telephone calls with Vitality. Miss P had to go to a lot of unnecessary effort to try to resolve this situation at what was clearly already a very stressful time in her life. When considering fair compensation, I've also taken into account Vitality's failure to take any action about the first claim which Miss P made in July 2023, as well as the customer service issues which Miss P experienced.

Overall, I currently intend to direct Vitality to pay Miss P a total award of £1000 compensation. This reflects both an element of the financial loss as well as the distress and inconvenience which Miss P suffered as a result of Vitality's actions in this case. This award includes the offer of £200 previously paid by Vitality which wasn't accepted or cashed by Miss P.'

Miss P accepted my provisional decision. Vitality didn't. It said it appeared there had been some confusion and it didn't require Miss P to be registered with an NHS GP. Vitality now says its position is that it was fine for Miss P to be registered with a private GP, but the private GP didn't hold Miss P's medical history, which meant it couldn't make a full and fair decision about her claim.

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'm satisfied there has been no confusion on my part. Vitality's final response letter dated 20 March 2024 refers to an NHS GP. Vitality's system notes, on more than one occasion, refer to a requirement for Miss P to have been signed up with an NHS GP and Vitality also told Miss P that this was its requirement.

In any event, even if I were to accept that Vitality's response to my provisional decision accurately reflected its position, the fact remains that there is no eligibility requirement, policy condition or exclusion relating to the provision of medical history for a certain period of time within this policy. The policy doesn't say that claims aren't covered if the policyholder cannot provide GP records (private or otherwise) for five years. It's not fair or reasonable for Vitality to seek to rely on the broad, general statements which it is quoting such as *'ensure you're registered with a UK GP and that they have your full medical records'* and that it *'will normally ask for details of your medical history'* as a reason to turn down Miss P's claim.

So, for these reasons as well as those set out in my provisional decision, my findings remain unchanged.

Putting things right

Vitality Health Limited needs to put things right by paying Miss P a total of £1000 compensation for the distress and inconvenience she experienced.

Vitality Health Limited must pay the compensation within 28 days of the date on which we tell it Miss P 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% a year simple.

My final decision

I'm upholding Miss P's complaint about Vitality Health Limited, and I direct it to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 4 June 2025.

Leah Nagle
Ombudsman