

The complaint

Mr P has complained that Vitality Health Limited mis-informed him that a cancellation fee would be applied to his private medical insurance policy.

What happened

In May 2025 Mr P sent Vitality an email enquiring about the process for cancelling the policy. He received a call back where a £40 cancellation fee was mentioned.

He then contacted Vitality again in June 2025 to confirm if there would be a fee for cancelling mid-term and was told that there would not.

Our investigator thought that Vitality had acted reasonably, in line with the policy terms and conditions. Mr P 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.

The relevant rules and industry guidelines say a business should provide support and help with understanding and enable customers to pursue their financial objectives. I've taken those rules into account, together with other considerations, including relevant law, the policy terms and the available evidence, to decide whether I think Vitality treated Mr P fairly.

Looking at the policy terms, they state:

'Cancelling your plan after the first 14 days

(.....)

In addition, if you cancel your plan prior to the end of the 12 month term your plan covers, we reserve the right to charge an administration fee of £40.'

I've listened to the call that took place on 14 May 2025. As the call back was in response to Mr P's enquiry about cancelling the policy, the first thing the adviser does is to explain that process. Within her introduction she says that:

'.....mid-term can be kind of subject to a £40 administration fee when it's not in that renewal period.'

Based on this, I'm satisfied that she did not say there would definitely be a cancellation fee. Therefore, her comments align with the above policy term.

The adviser then says she can go ahead and action the cancellation, or asks if it's just a query. Mr P responds with:

'no, that's fine. So, just check, there's a £40 admin fee to cancel mid-term. When's my renewal?'

The adviser is unable to provide specific details about the policy without first running through some security questions. Thereafter, the conversation takes a different turn and the subject of whether a cancellation fee would apply isn't returned to.

Mr P says he was given the impression that a cancellation fee would apply and so based his decision to continue with the policy at that time on what he was told. Listening to the call, it's clear that he is interested in getting value for money from the policy. He talks about having a sense of the available rewards having been reduced, in terms of things like cinema tickets and free coffee. The adviser explains that the rewards haven't really changed but that there is now a different way of accessing them. She then goes into specifics about when and how to redeem the different rewards. Having heard this, he confirms he is happy to continue with the account at the moment. Therefore, I consider there were other factors at play which influenced Mr P's decision to carry on with the cover.

Mr P makes contact with Vitality again in June 2025. It's clear that he's having trouble with the new rewards set up. On 18 June 2025 he tells it that the rewards don't seem to match up with his level of activity and that the system seems overly complicated and not worth the effort. Together with pricing issues, he isn't seeing the value in continuing the policy and asks if there would be a fee for cancelling now. He says: *'I was told it might be £50'*.

Overall, I'm not persuaded that Mr P was told in the call on 14 May 2025 that a cancellation fee would definitely apply. The adviser only says that cancellation *can* be subject to an administrative fee. Mr P says on 18 June 2025 that he was told a fee *might* apply. The fact that he is seeking clarification indicates that the fee hadn't previously been presented to him as a certainty and so he needs to check.

Confusion has arisen because of the brevity of Vitality's response to him on 19 June 2025 which simply states there's no administration fee to cancel the plan mid-term. Ideally, it should have said that it has the right to charge a fee but that it is being waived in this instance as a gesture of goodwill. Had it done so, Mr P would have understood there was no contradiction between that and what he'd been told in May 2025. However, I don't think this lack of a fuller explanation has resulted in any detriment to Mr P as, ultimately, it was confirmed to him at this time that there would be no cost to him if he cancelled before renewal.

I've thought very carefully about what Mr P has said and the arguments that he has put forward. However, the matter at hand is whether Vitality has done anything significantly wrong – and I'm unable to conclude that it has. I'm not persuaded he was misled into thinking that a cancellation fee would definitely be applied to his account. It follows that I do not uphold the complaint.

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 P to accept or reject my decision before 2 January 2026.

Carole Clark
Ombudsman