

The complaint

Ms W complains that Vitality Corporate Services Limited (Vitality) treated her unfairly when it cancelled her life and critical illness insurance policy due to non-payment of premiums.

What happened

The events which led up to this complaint are well known to both parties, so I'll give just a broad overview here.

In August 2022, Ms W took out a life and critical illness policy with Vitality which relied on monthly premium payments to be made for it to remain active.

In June 2024, Vitality wrote to Ms W to tell her it had been unable to collect the monthly premium when it requested it from her bank on 28 May 2024. Vitality went on to say that Ms W's cover would be suspended until all outstanding premiums had been made.

In July 2024, Vitality sent Ms W a further letter telling her she had now missed two monthly premiums. Vitality reminded Ms W she would remain uncovered until all outstanding premiums had been made. It also invited Ms W to contact it to discuss a possible payment arrangement if she was struggling to pay the outstanding premiums immediately.

Following this second letter, Ms W contacted Vitality to discuss the outstanding payment and to reinstate the cover. Vitality explained that it would need a Declaration of Information (DOI) from Ms W, to confirm there'd been no change to Ms W's health since the policy started, and a plan to pay the outstanding premiums.

Ms W provided the DOI verbally and arranged for double monthly premiums to be taken from her bank account from 28 August 2024 to 28 October 2024, which would bring the policy fully up to date. Ms W provided Vitality with new bank account details which Vitality arranged to take the premiums from in future.

On 29 August 2024, Vitality wrote to Ms W to tell her the direct debit had been rejected by her bank. And on the 31 August 2024, Vitality wrote to Ms W to tell her that it had cancelled her policy.

On 30 August 2024, Ms W complained to Vitality. She said he'd checked with her bank, and the funds were available, and she had evidence that Vitality hadn't attempted to take the premium payments.

On 25 September 2024, Vitality responded to Ms W's complaint.

It said that it had used the bank account details Ms W gave it during the call on 2 August 2024 to try and collect the premiums on 28 August 2024, and Vitality's Finance Team had confirmed the request was rejected by Ms W's bank with the message "refer to payer".

Vitality did acknowledge errors in its response to the complaint Ms W made on 30 August 2024 and apologised and offered her £50 for the trouble and upset caused.

Ms W was unhappy with this response so brought her complaint to this Service.

Our Investigator reviewed all the available evidence and didn't think Vitality had done anything wrong.

He said he'd seen evidence that showed Vitality had made attempts to collect the premiums and thought the opposing evidence Ms W had provided from her bank wasn't, on balance, sufficient for him to conclude Vitality had acted unfairly.

Ms W wasn't satisfied with this opinion, so the complaint has been brought to me for a final 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.

When considering what is fair and reasonable, I'm also required to take into account relevant law and regulations, regulatory rules, guidance and standards, codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

Where I can't know for certain what has or would have happened, I need to weigh up the evidence available and make a decision on the balance of probabilities – in other words what I think is more likely than not to have happened in the circumstances.

I've first looked carefully at the evidence available to decide if I think Vitality attempted to collect the premium payments and, having done so, I think it did, and I'll explain why.

The first missing premium of this complaint occurred in May 2024. I've seen evidence that Vitality were notified of the failure to collect the premium via a message from BACS which is the system used to process direct debit collections between banks and businesses.

In this case BACS informed Vitality that the direct debit request had been rejected with a description of the rejection as "refer to payer". When a "refer to payer" description is given, the bank has received the request but has rejected it typically because there are insufficient funds to cover the payment, the direct debit instruction has been cancelled or there is some other reason why the payment can't be made.

The second missing premium collection was in July 2024, and, on this occasion, BACS informed Vitality that the direct debit request had been rejected as the bank said there was no account held. I've seen no evidence that Vitality changed the bank account it was trying to collect the premium from between June and July 2024 so I think I can reasonably conclude this account had been closed during this period.

Vitality wrote to Ms W in July 2024 telling her she had now missed two premiums which prompted Ms W to call Vitality on 2 August 2024 to discuss the collection problems.

From the evidence I've seen, Vitality say Ms W gave it a new bank account to take the premiums from, ending in the numbers 5557. And this account was to be used to collect premiums in the future, including the two missing premiums, with the new arrangement to start on 28 August 2024. I've seen evidence that Vitality tried to take this new premium

arrangement from the account ending in 5557 on 28 August 2024 but it was told by BACS that it had been rejected with “refer to payer” given as the reason.

As I’ve mentioned above, I think this notation is evidence that Vitality tried to take the premiums and Ms W’s bank received the request but was unable to action it. I also think it shows evidence that Vitality had sent Ms W’s bank a new direct debit mandate for the account ending 5557 following the phone call it held with Ms W on 2 August 2025, as its previous attempt to collect the premiums on the former direct debit mandate had been returned with a “no account” notation.

Ms W has provided evidence in the form of screen shots of a webchat she held with her bank which she thinks shows Vitality didn’t try and take the premiums. These screen shots show the Vitality direct debit as “pending” and commentary from the bank’s web agent which says the direct debit was set up but it hadn’t received an instruction from the merchant to collect funds from the account – and, once the first collection was made of the direct debit the pending status would be removed. So, I can understand why Ms W feels this shows Vitality didn’t attempt to take the premiums.

But having considered the evidence carefully I’m not persuaded it demonstrates, on its own, that Vitality didn’t attempt to take the premium.

The direct debit detail for Vitality given on the screenshot Ms W has provided shows the collection amount of £210.84, which is the new specific amount agreed on the call Ms W had with Vitality on 2 August 2024. Ms W’s bank would only have this amount in its system if Vitality had provided it. So, I think this shows that this is the account and amount of premium Vitality unsuccessfully tried to take on 28 August 2024.

I’m also minded that although the webchat suggests Vitality hadn’t attempted to take the premium it also goes on to say that until a first collection is completed the pending status remains. I’ve seen other evidence that Vitality had attempted, but been unable, to collect the premiums, i.e. this first collection hadn’t been able to be completed and so the pending status would remain.

So, although I’m not an expert in the functionality of Ms W’s banking app, I don’t think I can reasonably conclude from the statement Ms W received from her bank on the webchat, that the pending status of the direct debit is evidence that Vitality hadn’t tried to collect the premiums.

The evidence Ms W has provided in the form of screenshots of her account detail and webchat with her bank don’t appear to show the specific account number so I can’t tell if this is the account ending 5557 which Vitality say Ms W told it to use when it spoke to her on 2 August 2024. But, given this specific amount of £210.84 shows as the required collection which was a bespoke amount to collect the missing premiums, I think it’s reasonable to conclude this was the account Ms W told Vitality to collect the premiums from. As I’ve also seen evidence from BACS that Vitality unsuccessfully attempted to take this bespoke amount of £210.84 from the account ending 5557, I don’t think I can reasonably say Vitality didn’t try and collect the premiums for Ms W’s policy.

I’ve next considered if Vitality were within its rights to cancel Ms W’s policy because of the missed premiums and having considered the evidence I think it was.

Under the terms and conditions of the policy, Vitality is able to cancel the policy due to missed premiums but is also able to reinstate the policy if it successfully collects all missing premiums and receives a Declaration Of Information (DOI) from the policy holder which confirms there has been no change to the policy holder’s health since the policy was first

taken out. If more than twelve monthly premiums are missed this option of reinstatement is no longer available and any new policy would have to be fully underwritten.

When Ms W called Vitality on 2 August 2024, she gave it a verbal DOI and new direct debit details for the collection of the missing payments, so Vitality followed this process and reinstated the policy at that time.

When Vitality didn't receive the missing premiums following the unsuccessful direct debit attempt of 28 August 2024, it cancelled the policy. As this is in line with its terms and conditions and it hadn't received the missing premiums and a DOI, I can't reasonably say it did anything wrong by cancelling the policy.

Finally, I can see that Vitality has accepted it made errors when Ms W made a formal complaint to it about the missing premiums. Complaint handling isn't a regulated activity so it's outside the jurisdiction of this Service. So, I can't consider any points about the way Vitality handled Ms W's complaint.

Having said this, Vitality have apologised and awarded Ms W £50 for its failings in its letter of 25 September 2024, and this seems a fair and reasonable reflection of the distress and inconvenience these failings will have caused Ms W. If it hasn't already done so, Vitality should pay Ms W the £50.

In summary, while I fully acknowledge Ms W's strength of feeling about this complaint, having looked at the evidence available and on the balance of what I think is likely to have happened, I don't think I can reasonably say that Vitality didn't try and collect the premium payments for Ms W's policy. And, as it was unsuccessful in its attempts and the policy premiums remained in arrears, I think it was within its rights to cancel the policy.

My final decision

For the reasons stated above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 30 December 2025.

Ben Castell
Ombudsman