

## The complaint

Miss I complains that Vitality Life Limited made an error when it set-up her income protection insurance policy, which caused her contract to be underwritten on the wrong terms. Miss I is unhappy that Vitality added an exclusion to her policy after it began.

## What happened

In March 2025, Miss I took out a personal income protection insurance policy through Vitality. During the sale, she told Vitality that she had fibroids and that she'd been under the care of a specialist. Despite the information Miss I gave Vitality, it failed to accurately record that she'd been under a specialist's care. On that basis, Vitality agreed to offer Miss I cover on standard terms.

Miss I decided to take-up Vitality's plan and cancelled an existing income protection insurance policy she held with another insurer I'll call A.

A few weeks later, Vitality identified the error it had made when it set-up Miss I's policy. Its underwriters concluded that but for the mistake, it would have added an exclusion to Miss I's policy for all claims related directly or indirectly to fibroids. It therefore accordingly amended the terms of Miss I's policy.

Miss I was very unhappy with Vitality's position – particularly because she'd cancelled her existing policy with A which *had* provided cover for fibroids.

Vitality maintained its position but it did offer to pay Miss I £200 compensation to reflect its mistake. And it refunded the premium Miss I had paid while her complaint was being investigated.

Remaining unhappy with Vitality's stance, Miss I asked us to look into her complaint. In October 2025, the policy was cancelled due to non-payment of premiums.

Following our investigator's involvement, Vitality agreed to reinstate Miss I's policy without the exclusion for fibroids, subject to Miss I paying the backdated premiums she'd missed. It also said Miss I would need to complete a 'Declaration of Information form' (DIF) to confirm whether there'd been a change in her health between the original policy application date and now.

The investigator felt Vitality's offer – including its offer of compensation – was fair and reasonable to put right its mistake. But Miss I disagreed. She didn't think it was fair to require her to pay the missed premiums, given Vitality hadn't been on risk during that time. And she was also concerned about the potential implications on cover of possible changes in her health.

So the complaint was passed to me to decide. I issued a provisional decision on 22 January 2026, which explained the reasons why I didn't think Vitality had treated Miss I fairly. I said:

*'The relevant regulator's principles say that financial businesses must pay due regard to the interests of their customers and treat them fairly; and that they must pay due regard to the information needs of their clients and communicate with them in a way which is clear, fair and not misleading. I've taken those principles into account, amongst other relevant considerations, when deciding whether I think Vitality has treated Miss I fairly.*

*Vitality accepts that it made an error when it completed Miss I's policy application form and set-up her policy. It's clear that Miss I did tell Vitality about her fibroids and that she'd been under the care of a specialist. As Vitality was the expert in the situation, I think Miss I was entitled to expect that her answers would be input accurately, allowing her application to be appropriately underwritten. Had Vitality completed Miss I's policy application accurately, the application would have been referred to its underwriters. And Vitality has provided evidence that shows an exclusion for fibroids would have been added, had no mistake been made at the point of application.*

*In these specific circumstances, I don't think it was fair or reasonable for Vitality to apply the exclusion once cover was already in force. I say that because Miss I has provided evidence that she held income protection with A which didn't exclude fibroids. She's also sent us evidence that A wouldn't have applied an exclusion for fibroids to her existing cover. On that basis, I'm satisfied that had Miss I known from the outset that Vitality wouldn't cover claims related to fibroids, she wouldn't have cancelled her policy with A which provided her with the cover she wanted. And I'm not persuaded it's likely she'd have taken out the policy with Vitality at all had her application been underwritten correctly at the start. This means I think she lost out as a result of Vitality's error.*

*Vitality has now agreed to reinstate Miss I's policy without the addition of the fibroids exclusion. This means that if Miss I chooses to go ahead with this option, any claims she may make for fibroids would no longer be specifically excluded. I think this is a fair and appropriate outcome to recognise the loss of her cover with A.*

*With that said, Vitality has also said Miss I would need to complete a DIF so it could assess any changes in her health between policy application and reinstatement. I'm not satisfied this is a fair or reasonable request. As I've said, had Vitality correctly completed Miss I's application, it's most likely she'd have declined its cover offer and would have remained insured under her policy with A. And A's policy would also have likely covered any conditions she'd developed after March 2025. So to require Miss I to now complete a DIF for any changes in her health following the original application date could put Miss I in a worse position than she would have been had she remained insured by A.*

*So I currently plan to find that should Miss I accept Vitality's offer to reinstate her policy, it must reinstate the contract without any need to complete a DIF – and without the application of the fibroids exclusion.*

*Vitality's offer of policy reinstatement is subject to Miss I bringing the premiums up to date, as she cancelled her direct debit. I understand Miss I doesn't consider this to be fair, given the exclusion that was applied to the policy. However, I don't think it's unfair or unreasonable for Vitality to require Miss I to pay the outstanding, missed premiums before reinstating the cover. While I do agree such a payment is retrospective, it will reflect that by reinstating the policy from its original start date, Vitality will have been effectively providing Miss I with continuous cover from that date. And it would be expected to deal with any claims Miss I had needed to make during that period – even if they'd related to her fibroids.*

*However, if Miss I opts to reinstate the policy but is unable to repay all of the outstanding premiums in one go, I would expect Vitality to work with her to draw up a reasonable*

*repayment arrangement. I note Vitality has already accepted our investigator's findings on this point.*

*Turning to fair compensation, Vitality has already offered Miss I £200 compensation for the distress and inconvenience its errors have caused her. In the round, I think this is a fair and reasonable award of compensation to reflect the impact of its mistakes.'*

I asked both parties to send me any further evidence or comments they wanted me to consider.

Vitality accepted my provisional findings.

In brief, Miss I maintained that it wasn't reasonable to require her to pay backdated premiums from May 2025, while the matter had been under investigation. She did not feel she should be required to pay for the policy during a period where there was a lack of clarity surrounding cover, due to Vitality's error. Vitality had changed the terms of the policy and she'd declined to pay for cover she hadn't requested or accepted. She didn't consider she would have been able to rely on the policy paying out between May and November 2025. Instead, she felt a fair resolution to the complaint would be to require the payment of premiums from November 2025 onwards, at the point cover could have been reinstated.

### **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.

Having done so, my final decision is the same as my provisional decision and I'll explain why.

As Vitality accepted my provisional findings, it seems to me that the only issue which remains unresolved is whether it's fair and reasonable for Vitality to require Miss I to pay backdated premiums from May 2025 onwards.

It's clear how strongly Miss I believes that she should only be required to pay backdated premiums from November 2025 onwards and I've carefully considered her further submissions on this point.

I explained above why I was satisfied that Vitality had made a clear error. I found that if things had happened as they should have done, Miss I would likely have declined to take out a policy with Vitality and would have remained insured by A. Therefore, the impact of Vitality's mistake on Miss I was the loss of continuous cover for her existing condition and any conditions she'd developed during the life of the policy with A.

But in recognition of its error and to ensure Miss I has continuous cover in place, Vitality has now agreed to reinstate the policy on standard terms, including offering cover for claims related to Miss I's fibroids. It's thereby offered to ensure Miss I has effectively had the benefit of continuous cover from March 2025 onwards. And it would have been required to retrospectively deal with any backdated claims which arose between May and November 2025. I still find then that it's fair and reasonable for Vitality to require Miss I to repay the outstanding, backdated premiums from May 2025 onwards in order to benefit from the policy reinstatement.

I'd add that the policy schedule Miss I sent us indicates that the income protection cover with A cost more than the monthly cost of the income protection benefit with Vitality. So it seems to me that if Miss I had remained with A, she'd have paid more in monthly premiums than

Vitality requires her to repay in order to reinstate her policy.

Overall, despite my natural sympathy with Miss I's position, I remain satisfied that Vitality's reasonably entitled to require payment of the outstanding premiums before it reinstates cover.

### **Putting things right**

I direct Vitality Life Limited to:

- Reinstatement Miss I's plan, subject to the premiums being brought up to date; without the application of the fibroids exclusion and without requiring Miss I to complete a DIF;
- Pay Miss I £200 compensation.

### **My final decision**

For the reasons I've given and in my provisional decision, my final decision is that I uphold this complaint in part and direct Vitality Life Limited to put things right as I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss I to accept or reject my decision before 17 March 2026.

Lisa Barham  
**Ombudsman**