

The complaint

Mr C complains about the information Vitality Health Limited gave him in relation to getting continuous cover for a private health insurance policy. My references to Vitality include its agents.

What happened

Mr C had private health insurance through his employers, insured by Vitality. On 17 March 2022 he called Vitality as he was leaving his employer on 1 April 2022 and he wanted to buy a private policy to give him continuous cover.

When Vitality's continuous cover team asked Mr C risk assessment medical questions he said a previous scan showed he had a small kidney stone, the doctor advised he have a review scan but he hadn't been able to attend the review appointment. Vitality told Mr C that if it quoted for a personal policy with the planned scan still outstanding it would increase the premium. Mr C said he would book the scan under his existing policy and asked to be put through to Vitality's claims team for authorisation of the cost. Following Mr C's discussion with the claims team he was transferred back to the continuous cover team.

Mr C complains that:

- Vitality's claims team told him he didn't need a scan if he had no symptoms and it wouldn't cover the cost of the x-ray. He asked Vitality's claims team if that meant he could say no when asked if he had outstanding investigations and was told he could. He asked Vitality to confirm what it told him in writing but Vitality hadn't done so.
- When he transferred back to Vitality's continuous cover team and asked the question about investigations he said he'd been told to answer the question as no but he did have an open investigation. He was told the new policy premiums would still be affected. He asked for a manager at Vitality to investigate as he was 'going round in circles' between Vitality's teams.
- He spoke to a manager who said it would contact him before his existing policy ended but that didn't happen. Vitality contacted him after his cover ended and said its claims team gave him wrong information, but the representative was new, and as most of what it told him was correct it wouldn't reduce the cost of a new policy.
- Vitality's actions left him with no private medical cover. Vitality's delay in looking at his complaint meant he had the choice of paying the higher premium for the new policy or not having continuous cover as he couldn't get a scan before his existing policy ended. If Vitality had responded sooner he could have had a scan and been covered if he needed treatment.
- He wants Vitality to cover the cost of the scan and reinstate his cover until he can find a new insurer. He also wants compensation for his distress and inconvenience .

Vitality said:

- On the 17 March 2022 call when Mr C said he needed an x-ray but had no symptoms its claims team correctly told him the policy didn't cover monitoring or preventative treatment.
- It accepted there was miscommunication in Mr C's call with its claims team. Mr C misinterpreted that its representative had told him he didn't need the treatment, but what it actually told him was the scan wasn't covered by the policy terms. It accepted it hadn't sent the email Mr C requested to confirm what was discussed in the call.
- When Mr C was transferred back to its continuous cover team it confirmed that although he had no symptoms he still had an ongoing claim as his consultant wanted to review his condition so his new personal policy premium would be affected.

Our investigator said Vitality didn't need to reinstate cover for Mr C or pay for his scan but Vitality should pay Mr C £175 compensation for his distress and inconvenience due to its poor service.

Mr C accepted our investigator's recommendation. But he queried how his x-ray could be not covered by the policy but still affect his new policy premium if the scan remained outstanding. He also said Vitality gave no previous indication that it would refuse the scan due to a 'time bar'.

Vitality didn't think it should pay any compensation to Mr C. It said although its claims team gave Mr C confusing information that was corrected when he was transferred to its continuous cover team.

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 have to decide whether Vitality acted fairly and reasonably and if not what's a fair remedy. I think Vitality didn't act fairly but our investigator's recommendation on how it should put things right is fair, I'll explain why.

Vitality's final response letter to Mr C set out the relevant terms of the policy he had through his employer which show there's no cover for routine follow-up consultations or for the monitoring of a medical condition

I've listened to the calls between Mr C and Vitality. Vitality's claims team correctly told Mr C there was no cover under his existing policy for his review scan. Vitality didn't say there was no cover because Mr C took too long to have the scan, there just is no cover for a routine follow-up scan monitoring a medical condition under the policy terms.

But the outstanding scan could still have an impact on the premium for a new personal policy Mr C was looking to take out. That's because when/if Mr C had the outstanding scan it's possible he would need treatment which potentially Mr C could have claimed for on a new policy. So the new policy would be carrying an unknown risk around the scan and in those circumstances an insurer usually either increases the premium or excludes the scan and treatment.

In the first part of the 17 March 2022 call Vitality's continuous cover team was very clear about the need for Mr C to correctly answer questions about the scan and the potential effect on the premium of a new policy if the scan was or wasn't outstanding. Mr C decided not to take the option of being quoted for the premium with the scan still outstanding and said he would get the scan done in the two weeks under his existing policy.

Although Vitality's claims team correctly told Mr C there was no cover for the scan under his existing policy terms there was some miscommunication in that call, which Vitality accepts. Mr C thought Vitality was saying he didn't need the scan, whereas it was telling him the scan wasn't covered by the policy. Vitality's claim team isn't medically trained to be able say whether a policyholder medically needs a procedure. Its role is to authorise treatment that's eligible under the policy terms. I think it would have been much less confusing for Mr C if Vitality had explained that to him. The claims team also incorrectly told him the open investigation wouldn't impact on his continuation policy. When Mr C spoke to Vitality's continuous cover team again it correctly told him that the scan was still an ongoing and would affect the premium for the new policy. I think Mr C was understandably confused as he'd received conflicting information.

Mr C did speak to one of Vitality's managers after a chasing call. I appreciate Mr C thinks the manager took too long to look into his complaint. But I think it was reasonable for the manager to want to listen to the calls and under the regulatory rules a business has eight weeks to respond to a policyholder's complaint and Vitality responded well within the timescale.

The manager told Mr C that although Vitality's service could have been better he'd been correctly told the outstanding scan would affect the premium for the new policy. So Mr C had the correct information before his existing policy ended and also on 6 April 2022 he had confirmation from the manager that information was correct. Vitality told Mr C in the first call he had 30 days after he'd left the existing policy to get continuous cover so he had the correct information within that period.

I don't think there's any basis for me to say Vitality should pay for the scan. The policy is clear it doesn't cover the cost of a routine follow-up monitoring scan. On 17 March 2022 the claims team correctly told Mr C the scan wasn't covered by the policy terms so from then, if not before, he knew he would need to pay for the scan.

I don't think there's any basis for me to say Vitality should reinstate cover for Mr C. Within the relevant time Mr C had enough information to decide whether he took the new personal policy at the higher price or pay for a scan himself before doing so. Vitality isn't responsible if Mr C couldn't get a scan within that timescale.

Vitality accepts it should have given Mr C better service and I think it should pay compensation for his distress and inconvenience its poor service caused. It's clear from listening to the calls that the wrong information given by Vitality's claims team caused Mr C considerable unnecessary confusion which meant he doubted the correct information he was subsequently re-given by the continuous cover team and led him to make his complaint.

Putting things right

In all the circumstances I think £175 compensation for Mr C's distress and inconvenience is a reasonable amount.

My final decision

I partly uphold this complaint and require Vitality Health Limited to pay Mr C £175 compensation for his distress and inconvenience due to its poor service.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 2 January 2023.

Nicola Sisk
Ombudsman