

The complaint

Mrs F is unhappy with the service she received from Vitality Health Limited when she made a claim on her private medical insurance policy.

What happened

Mrs F made a claim on her private medical insurance policy which was declined.

Mrs F complained to Vitality, and they accepted the decision to decline the claim was incorrect. Mrs F referred her concerns to the Financial Ombudsman Service.

When Vitality issued their final response letter they offered to progress the claim, pay Mrs F £100 compensation, and refunded the cost of Mrs F obtaining a more detailed medical report as a gesture of goodwill. Mrs F wanted all her premiums refunded going back to the policy start date in 2022. She's also cancelled the policy with Vitality.

Our investigator looked into what happened. He acknowledged that Vitality had made errors, but he thought they'd done enough to put things right. So, he didn't think they needed to do anything further, including refunding all of the premiums.

Mrs F didn't agree and asked an ombudsman to review her complaint. She thought Vitality should have repaid the premiums for wrongly declining the 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.

The relevant rules and industry guidelines say that Vitality has a responsibility to handle claims promptly and fairly. And they shouldn't reject a claim unreasonably.

Vitality accepts that they didn't handle the claim as they should. So, the key issue for me to decide is whether they have done enough to put things right. I think they have because:

- Once the error was identified Vitality promptly agreed to cover Mrs F to take her claim forward. I think that's reasonable. However, Mrs F chose not to utilise her policy and cancelled it.
- I accept Mrs F was caused avoidable frustration and disappointment. Vitality offered Mrs F £100 compensation. I think the compensation offered fairly reflects the impact on Mrs F for incorrectly being told her claim was declined.
- Vitality agreed to refund the cost of Mrs F's GP report which was £120. That's not something they are required to do as the policy terms say that's a cost Mrs F should cover. So, I think Vitality have acted reasonably by agreeing to reimburse this cost to Mrs F.

- I don't think it's fair and reasonable to direct Vitality to refund all Mrs F's premiums. She's had the benefit of cover and Vitality has been carrying the risk of her making a claim. I don't think it's fair to say that because of the error Vitality made Mrs F should, in effect, receive free cover for the duration of the policy. I think what Vitality agreed to do is fair and reasonable.

Putting things right

As Mrs F has cancelled the policy there's no ongoing claim. Vitality need to put things right by paying Mrs F £100 compensation and refunding the GP fee if they haven't done so already.

My final decision

I'm partly upholding this complaint and direct Vitality Health Limited to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 2 April 2025.

Anna Wilshaw
Ombudsman