

The complaint

Mr M complains about the way Vitality Health Limited handled a claim he made on a group private medical insurance policy.

What happened

Mr M is insured under a group private medical insurance policy. In September 2022, Mr M called Vitality to discuss arranging a consultation with a doctor because he'd been experiencing symptoms of fatigue. He felt the symptoms could be caused by sleep apnoea. Vitality's call handler told Mr M that although sleep apnoea wasn't covered by the policy, he would be covered up to diagnosis.

Subsequently, in February 2023, Mr M called Vitality again regarding a diagnostic consultation. However, at this point, two members of Vitality's staff told Mr M that the consultation *wouldn't* be covered. This was followed-up by emails which stated that the claim had been turned down because his GP suspected that sleep apnoea was the cause of his symptoms.

Mr M was very unhappy with Vitality's decision and he complained. He was also unhappy as he'd spent some time on the phone and in communicating with Vitality.

Vitality issued its first final response to Mr M's complaint on 21 March 2023. It acknowledged that the claim shouldn't have been turned down and it offered to cover the cost of Mr M's consultation and diagnostics. It also offered Mr M £150 compensation.

Mr M remained unhappy with Vitality's position and he continued to contact it to ask for further clarification about why the claim had been incorrectly turned down. Vitality didn't respond to Mr M's concerns and so he asked us to look into his complaint.

While the complaint was with us, Vitality reviewed Mr M's further emails and issued a second final response letter addressing his further concerns on 7 July 2023. Vitality acknowledged that it wasn't clear why its staff had previously incorrectly assumed that Mr M's consultation had been aimed at a diagnosis of sleep apnoea. And it acknowledged that the information its staff had given Mr M in February 2023 was wrong. It confirmed that it had reimbursed Mr M for the costs of his consultation and diagnostic tests. And it offered to pay Mr M total compensation of £200.

Our investigator felt Vitality had made a fair offer to settle Mr M's complaint. She accepted it had made mistakes when it had wrongly informed Mr M that his claim wouldn't be covered. But she felt that £200 was fair compensation to reflect the time and trouble Mr M had been put to as a result of Vitality's error.

Mr M disagreed. Briefly, he didn't agree that Vitality could have made an assumption that he'd been diagnosed with sleep apnoea when it had repeatedly been told this wasn't the case. He questioned why four members of Vitality's staff had all declined the claim on the wrong grounds. He said he hadn't seen anything to support or substantiate the conclusion that any of Vitality's staff had made mistakes and he questioned how the investigator had

reached this conclusion.

The complaint's been passed to me to decide.

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, whilst I'm sorry to disappoint Mr M, I think Vitality has already made a fair offer of compensation and I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. Vitality accepts both that it didn't handle Mr M's claim promptly or fairly and that it turned down the claim unreasonably. It's accordingly offered Mr M compensation for these failings and so I think the key issue for me to decide is whether its offer is fair and reasonable in all the circumstances.

It's clear that Mr M has real concerns about the reasons why multiple members of Vitality's staff wrongly reached a conclusion that the consultation was aimed at a diagnosis of sleep apnoea and why those staff members told him that his consultation wouldn't be covered. I'm satisfied though that Vitality's second final response to Mr M's complaint clearly suggests that Mr M's claim was wrongly declined because the staff dealing with the claim had incorrectly assumed that Mr M had an existing diagnosis of sleep apnoea. The second final response also stated that it was unclear why those staff members had reached this particular conclusion. In my view, Vitality has explicitly acknowledged that a clear mistake was made on this point and I think the second final response letter sufficiently explained what had likely gone wrong. I haven't seen any persuasive evidence that Vitality was deliberately seeking to turn down a valid claim, or to deter Mr M from pursuing his claim further.

Vitality has now accepted and settled Mr M's claim, as it should have done from the outset. But I can understand why Mr M was frustrated by the misinformation he was repeatedly given by Vitality. And it's clear he was put to some unnecessary time, trouble and inconvenience in trying to resolve things. It's clear too that even after Vitality issued its first final response to Mr M's complaint, further communications from him weren't responded to until July 2023 – some months after the complaint had first been made. Again, I appreciate that this is likely to have caused Mr M further frustration, upset and time which could have been avoided had Vitality responded to his additional concerns in a timelier way.

I appreciate Mr M doesn't feel that £200 compensation is enough to recognise his time and trouble in dealing with Vitality's errors. However, our role isn't to punish or fine the businesses we cover. And neither do we generally award compensation in line with a consumer's usual hourly rate. In my view, compensation of £200 is a fair, reasonable and proportionate award to reflect the likely material adverse impact of Vitality's mistakes on Mr M between February and July 2023.

Overall, whilst I sympathise with Mr M's position, I find that Vitality has already taken fair and reasonable steps to put right its mistakes. And so it follows that I find its existing offer of £200 compensation is fair and reasonable in all the circumstances. It's now open to Mr M to contact Vitality directly if he'd like to accept its offer.

My final decision

For the reasons I've given above, my final decision is that Vitality has already made a fair offer to settle Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 December 2023.

Lisa Barham
Ombudsman