

## **The complaint**

Mr S complains about the way CIGNA Europe Insurance Company SA-NV handled a claim he made on a travel insurance policy.

When I've referred to CIGNA, I'm also referring to the claims handling company which dealt with Mr S' claim on its behalf.

## **What happened**

Mr S took out a travel insurance policy in November 2016, through a broker. The policy was underwritten by CIGNA. Mr S travelled abroad in December 2016 and was due to return to the UK in February 2017. As part of his holiday, Mr S had arranged two boat trips to take place in January 2017.

However, the boat trips never took place and Mr S later learned that the boat trip operator had become insolvent. He pursued the matter through the relevant country's legal system and was able to obtain a partial refund of his live-aboard trip costs. And in November 2020, he made a claim on his travel insurance policy for the remaining balance.

CIGNA turned down Mr S' claim and concluded it wasn't covered by either the cancellation or abandonment sections of the policy. In January 2021, while CIGNA initially informed Mr S that he didn't have end supplier failure (ESF) cover on his policy, it later suggested that he should make an ESF claim to a separate ESF insurer, which I'll call P.

When P told Mr S it couldn't help him, CIGNA suggested that he should contact another insurer which I'll call A. But despite repeated requests from Mr S as to why he'd been directed to P and then to A, CIGNA didn't provide a detailed response to his questions. Mr S got in touch with A, which also let him know that it wasn't able to help him. Mr S was unhappy with CIGNA's administration of his policy and he complained.

CIGNA acknowledged that it shouldn't have directed Mr S to P and so it sent him a cheque for £100, as compensation for its mistakes. But it still failed to respond to Mr S' queries as to why he'd been directed to A until October 2021, when it acknowledged that this had been a mistake. Remaining unhappy with CIGNA's handling of his claim, Mr S asked us to look into his complaint.

Our investigator didn't think CIGNA's compensation was enough to reflect the impact of its errors on Mr S. He thought it had been unreasonable for it to direct Mr S to two insurers when he thought it ought to have been clear that Mr S wouldn't be able to successfully claim from either. And he felt it hadn't dealt with his queries in a timely way. So he recommended that CIGNA should pay Mr S a total of £200 compensation to reflect its mistake.

CIGNA agreed with the investigator's recommendation.

Mr S didn't accept the investigator's assessment. He didn't think the compensation the investigator had proposed made up for the series of CIGNA's mistakes which had caused considerable inconvenience and distress, and which had taken months to resolve. He also

noted that he'd had to provide us with some evidence, which CIGNA didn't have available and its final response had been issued some time after our deadline.

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 S, I think that CIGNA has now made a fair offer to settle his complaint and I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. In this case, CIGNA already acknowledges that it didn't handle Mr S' claim promptly *or* fairly. It assessed Mr S' claim in line with the cancellation and abandonment sections of the policy and concluded that it wasn't covered. Mr S seems to have broadly accepted that decision and so I haven't addressed this point specifically here. I would add though that as CIGNA underwrote those sections of the policy, I think it was appropriate for CIGNA to assess the claim under those headings.

However, it's common ground that after its decline of the claim, CIGNA made a number of mistakes when it handled Mr S' claim. I've looked carefully at the policy terms which applied to Mr S' claim – the February 2016 version of the contract. This did not include *any* ESF cover. While Mr S provided CIGNA with a screenshot indicating that he did have ESF cover, this appears to have been included with a later version of the broker's branded policy, which wasn't underwritten by CIGNA. In my view, from assessing Mr S' contract terms, it should've been clear to CIGNA that not only did he not have ESF cover, but that he wouldn't be able to make a claim with P. So it shouldn't have directed him to get in contact with it.

Similarly, while Mr S did have legal expenses cover included as part of his policy and this was underwritten by A, this clearly only covered claims for incidents causing bodily injury or death. So it should've been apparent to CIGNA that Mr S' circumstances were highly unlikely to be covered by this section of the policy and that a claim was unlikely to be successful. Therefore, it seems to me that CIGNA shouldn't have directed Mr S to make a claim with A.

Instead, Mr S spent unnecessary time and effort in contacting both P and A and in investigating whether his loss would be covered by either insurer. And I think that this led to Mr S' expectations being wrongly raised and ineffectively managed. I don't doubt that learning that neither P nor A would be liable for his loss after Mr S had spent time in contacting them caused him frustration and inconvenience.

It's clear too that Mr S asked CIGNA to explain its misdirections on a number of occasions. But CIGNA didn't respond to Mr S' complaint as a whole and it never really explained why it had suggested that he got in touch with A. I think this would've added to his inconvenience and frustration when he was already upset by CIGNA's handling of his claim.

This means that I agree with our investigator that £100 compensation isn't enough to recognise the impact CIGNA's errors had on Mr S. They were ongoing over a period of months and it's clear that Mr S was engaged in the process and wanted an understandable explanation as to what had gone wrong. In my view, a total of £200 compensation is a fair award to recognise the overall impact of CIGNA's mistakes on Mr S. I appreciate he feels that a higher award is warranted, and I've thought about this. But I'm mindful that CIGNA's errors didn't lead Mr S to suffer any actual financial loss and he hasn't been left out of pocket as a result of its actions. So I find that CIGNA's earlier apologies, together with an overall

payment of £200 is fair compensation to acknowledge the frustration, upset and inconvenience I think Mr S was caused by its mistakes. I was pleased to note that CIGNA has now agreed to pay this award.

CIGNA previously sent Mr S a cheque for £100, which I understand he didn't cash. It seems likely that the original cheque will now have expired and it isn't clear whether the cheque was re-issued. If it has been and if Mr S has cashed the cheque, CIGNA may deduct £100 from the total compensation it pays. If not, CIGNA will need to pay Mr S a total of £200 compensation.

### **My final decision**

For the reasons I've given above, my final decision is that CIGNA has now made a fair offer to settle Mr S' complaint.

I direct CIGNA Europe Insurance Company SA-NV to pay Mr S a total of £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 November 2022.

Lisa Barham  
**Ombudsman**