

## **The complaint**

Ms R has complained that Union Reiseversicherung AG hasn't settled a hospital bill under her travel insurance policy, and that the matter has caused her distress.

## **What happened**

The facts are well known to the parties and are not in dispute. In summary in May 2019 Ms R submitted a claim for medical treatment she had in the USA in March 2019. The pre-discounted hospital bill was \$3,189.15. URV correctly accepted responsibility under the policy for the treatment and in January 2022 it made a partial payment of \$679 to the hospital. It considered this payment was in accordance with customary and ordinary charges and with the terms and conditions of Ms R's policy. The hospital's debt collector then was in touch with Ms R requiring her to pay the outstanding amount.

URV recognised that the service it had given to Ms R fell short and offered a sum of £800 - £500 for the time taken to pay the claim and a further £300 for the inconvenience caused to Ms R by having to continually send over correspondence received from the debt collector.

Our investigator thought this sum in compensation was fair, but he also recommended that URV now paid the outstanding bill in full.

Ms R agreed with this, but URV didn't. As no agreement has been reached the matter has been passed to me to determine.

## **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, I find that this complaint should be upheld, largely for the same reasons as explained by our investigator.

I've taken into account the regulatory guidance. The Principles for Businesses ("Principles") are set out in the Financial Conduct Authority (FCA) Handbook and URV is obliged to follow these.

Principle 6 says a firm must pay due regard to the interests of its customers and treat them fairly.

Principle 8 says a firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.

ICOBS 8.1.1R says an insurer must:

- Handle claims promptly and fairly
- Provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress

- Settle claims promptly once settlement terms are agreed

The Regulatory Guide, published by the FCA, entitled: 'The Responsibilities of Providers and Distributors for the Fair Treatment of Customers' (RPPD) includes the FCA's guidance on what the combination of Principles and the detailed rules mean for providers and distributors of financial services. The RPPD explains that firms should consider the impact of their actions, or inactions, on the customer throughout the life cycle of the service being provided.

I've also thought about what I consider having been good industry practice at the time of the claim. It is for insurers – and their agents – to engage diligently with medical facilities (and their respective agents) to try to resolve disputes over medical bills by actively seeking a compromise or adjudication of their bills. And this includes actively engaging in negotiation.

I haven't disregarded what URV has said about the payment it made being reasonable in respect of the medical treatment provided. Ms R's policy provides that URV will pay for customary and reasonable charges for necessary and emergency treatment. I note that the payment made was based on payment rates for medical treatment provided to the US Congress by the Medicare payment Advisory Committee. To those sums URV added a 50% uplift.

But like the investigator I'm not persuaded that the Congressional guidelines are a recognised benchmark for the fair payment of medical treatment costs outside of the Medicare system. Further I'm not persuaded that the amounts charged in this case were unjustified or excessive. URV added that two items billed for were for drugs and it was unable to source data for these. This seems to be a rather poor explanation for not making any payment in this regard, particularly given the limited sums billed.

In the circumstances I don't find that URV handled Ms R's claim in line with the regulatory guidelines referred to above. It took URV until January 2022 to make the payment it did. Although in fairness I can see that the audit team was asking for information from the hospital from June 2019. Nevertheless, there is nothing before me to suggest that URV attempted to negotiate or reach an agreement with the healthcare provider as I would have expected. It's clear that the sum it paid wasn't deemed sufficient to settle the outstanding costs and as a result Ms R has been chased for payment, causing anxiety and distress.

Given the length of time that has now passed and having taking into account URV's submissions, I'm satisfied it's fair and reasonable to require URV to settle the outstanding amount with the hospital.

URV has made an offer to compensate Ms R for the length of time that this claim has been ongoing, and for the stress it has caused her. I agree that compensation is due – the matter has been ongoing for nearly four years. Additionally, I see that Ms R was being chased by a debt collector and felt this might have an impact of visa applications for the USA. I do note that URV offered to pay for a solicitor to represent Ms R with the aim of stopping further correspondence. However I think the sum offered by URV in compensation is fair taking all matters into account.

### **My final decision**

My final decision is that I uphold this complaint.

I require Union Reiseversicherung AG to:

- Pay the outstanding hospital bill for Ms R's treatment in March 2019

- Pay Ms R £800 in compensation, if it hasn't done so already

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 1 March 2023.

Lindsey Woloski  
**Ombudsman**