

## **The complaint**

Mr C is unhappy because Union Reiseversicherung AG (“URV”) hasn’t settled his medical bills.

## **What happened**

Mr C had a travel insurance policy underwritten by URV. In late 2019 he needed medical treatment in the USA and successfully claimed on his travel insurance policy.

In 2020 URV partially settled the medical bill. But, as they thought the hospital had overcharged for the treatment, they didn’t settle the bill in full. There was an outstanding balance of \$3,834.25.

Mr C made a complaint to the Financial Ombudsman Service in 2022. The complaint was considered by one of our investigators and he recommended that URV needed to carry out meaningful negotiation to settle the invoice. The investigator’s recommendation was accepted by the parties in August 2022.

As the matter still hasn’t been resolved Mr C made a further complaint. URV acknowledged they hadn’t kept Mr C updated but said they’d made reasonable attempts to negotiate with the debt collector who was chasing the debt. They offered Mr C £250 in compensation. Unhappy, Mr C complained to the Financial Ombudsman Service again.

Our investigator looked into what had happened and upheld the complaint. He thought URV should settle the outstanding balance. But, he thought the £250 compensation offered was fair. Mr C accepted the investigator’s findings. URV asked an ombudsman to review the complaint. So, I need to make a decision.

## **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 Financial Conduct Authority’s Dispute Resolution Rules (DISP) set out how the Ombudsman Service can make awards.

DISP 3.7.1R says that where a complaint is determined in favour of a complainant the ombudsman’s determination may include a direction to the respondent, which in this case is URV.

DISP 3.7.11R provides that a direction may require the respondent, here URV, to take such steps in relation to the complainant as the ombudsman considers just and appropriate whether or not a court could order those steps to be taken.

The policy terms say URV can:

Take over and deal with in your name the defence/settlement of any claim made under the policy.

In effect, this means that URV has the right to take over the conduct of a claim - defending or settling it in the name of Mr C. But, that's not an unqualified right.

Legally, in situations where URV's interests' conflict with Mr C's, URV has an overarching responsibility to act in good faith, having regard to Mr C's interests as well as their own.

URV isn't entitled to act arbitrarily in the way it goes about declining to pay the full amount of the invoice and contesting the outstanding amount. In deciding whether - and how - to defend a claim against Mr C, URV is required to base their decisions on the circumstances of Mr C's individual case.

The applicable regulations lead to a similar conclusion. The Financial Conduct Authority (FCA) Handbook sets out a number of Principles for Businesses, which URV must follow, including:

Principle 6 - A firm must pay due regard to the interests of its customers and treat them fairly

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

The relevant regulations also include ICOBS 8.1.1R which says:

An insurer must:

- (1) handle claims promptly and fairly;
- (2) provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress
- (3) not unreasonably reject a claim (including by terminating or avoiding a policy); and
- (4) 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 Regulator's guidance on what the combination of Principles for Businesses ("the Principles") and the detailed rules require respectively of providers and distributors of financial services in certain circumstances to treat customers fairly. The RPPD explains that firms should consider the impact of their action, or inaction, on the customer throughout the life-cycle of the provision of the service.

I'm directing URV to settle the claim in full because:

- Based on the evidence available to me I think URV have taken limited steps to resolve the outstanding balance. The situation reached an impasse in October 2022 – URV said it had made a final offer of \$1450, the debt collector said they'd accept 80% of the total bill.
- No further negotiations have taken place since then and URV hasn't explored other options to bring the matter to a close. I don't think this can reasonably be considered as meaningful negotiation or as URV taking sufficient proactive steps to resolve the outstanding balance.
- The balance has been outstanding since 2019 – so it's been more than three years since Mr C had to claim on his policy. URV had a range of options which include, but

aren't limited to, settling the matter via the courts, involving an expert or seeking alternative dispute resolution. Based on the evidence available to me, none of those options have been explored.

- URV has provided some limited data related to the hospital where Mr C was treated. They say this suggests the bill was inflated. But they've not provided any persuasive or compelling evidence as to why this data establishes a credible benchmark for the cost of Mr C's treatment. So, I'm not persuaded URV has adequately demonstrated that this is a reasonable starting point for settling the invoice. And, I don't think it's persuasive evidence of overcharging by the hospital.
- The outstanding invoice has caused Mr C to worry – he said he's found the situation very stressful. And it's also been ongoing for a long time.
- I don't think URV had treated Mr C fairly and considered his interests as well as their own. I think Mr C could have reasonably expected URV to settle his medical bills within a reasonable time frame and that hasn't happened.

### **Putting things right**

URV needs to put things right by settling the outstanding invoice in full. It should also pay Mr C £250 compensation if it hasn't done so already.

### **My final decision**

I'm upholding Mr C's complaint and direct Union Reiseversicherung AG to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 March 2023.

Anna Wilshaw  
**Ombudsman**