

The complaint

Mrs L complains about the way that CIGNA Life Insurance Company of Europe SA-NV handled a claim she made on a private medical insurance policy.

What happened

Mrs L was insured, by CIGNA, under a group private medical insurance policy. However, in March 2020, she took out a personal policy with CIGNA. Her personal policy included both a deductible and co-pay provisions.

During March and April 2021, Mrs L underwent private knee surgery. She made a claim on her personal policy for the costs she incurred. As the medical costs straddled two policy years, Mrs L was charged two co-pay amounts and two deductibles.

However, Mrs L said that CIGNA had incorrectly billed the old group policy, which had led to her overpaying CHF 1737. So she complained to CIGNA. It took some months to issue a final response to her complaint. CIGNA concluded that it had correctly billed the payments to Mrs L's personal policy and that therefore, her co-payments and deductibles were correct.

Mrs L remained unhappy with CIGNA's handling of her claim and so she asked us to look into her complaint.

Our investigator considered the evidence Mrs L had provided and noted that CIGNA *had* incorrectly billed the group scheme (of which Mrs L was no longer a member). CIGNA accepted its error and agreed to refund Mrs L CHF 1737 – the amount she'd said she'd overpaid.

Mrs L accepted CIGNA's offer to refund her overpayment. But she remained unhappy with the service she'd received from CIGNA. She said she'd sent numerous emails and made many calls to CIGNA over a period of months to resolve the issue and had received poor customer service.

Our investigator didn't think CIGNA had handled Mrs L's claim promptly or fairly. She thought CIGNA had had enough information about the reason for Mrs L's complaint for it to have addressed things more quickly than it had done. She noted the treating clinic had chased Mrs L for payment, which she felt would've caused Mrs L embarrassment. And she thought the customer service Mrs L had received had caused her some frustration. So she recommended that CIGNA should pay Mrs L £300 compensation. She also recommended that CIGNA should add interest at a rate of 8% simple to the refund amount of CHF 1737, to reflect the period Mrs L had been without use of the money. CIGNA accepted the investigator's recommendations.

Mrs L disagreed with the investigator's findings. She thought CIGNA had deliberately ignored her attempts to resolve the situation and she had therefore suffered two years of anxiety. This had had a detrimental effect on her well-being, but CIGNA had suffered no consequences at all. It had only been recently that she'd been able to settle the bill of CHF 1737 with the treating clinic, which she felt had damaged her reputation. She felt it was only

fair that she should be compensated for the suffering she thought CIGNA had deliberately caused her. So she considered £3000 would be more appropriate compensation.

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, I agree with our investigator's conclusions and I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. The regulator also requires a financial business to respond to a complaint in writing within eight weeks, either with an outcome or to explain why it needs more time to investigate things.

In this case, CIGNA now accepts that it made an error when it handled Mrs L's claim and it incorrectly billed the group policy. This led to Mrs L overpaying by CHF 1737. CIGNA has agreed to refund this amount, and Mrs L has accepted this offer of reimbursement. So I don't think I need to make any further detailed finding on the way CIGNA settled Mrs L's claim. I would add that I agree with the investigator that I think it's fair and reasonable for CIGNA to add interest at an annual rate of 8% simple to this amount, from the date the overpayment was made until the date the refund was/is paid. This interest award is designed to compensate Mrs L for the time she lost use of this money.

It seems to me that the issue for me to decide is what fair compensation for Mrs L's trouble and upset should be. As the investigator explained, the available evidence indicates that when Mrs L initially complained to CIGNA, she referred to the incorrect billing to the old group scheme. So I think CIGNA had enough information from the outset to investigate this issue. Had it done so, it seems likely that the billing error would've been identified and the outstanding amount of CHF 1737 could have been promptly paid to the treating clinic.

The evidence suggests that CIGNA did meet its regulatory obligation to let Mrs L know that it hadn't been able to resolve her complaint within eight weeks and gave her referral rights to this service. But when it did issue a final response, it failed to investigate or address the particular point relating to billing the group policy. This meant Mrs L received chase-up letters from the clinic and she says she was threatened with legal action. Accordingly, Mrs L paid the outstanding amount herself. I don't doubt that Mrs L felt embarrassed by the letters she received and that she was worried about potential legal action.

And I've noted that Mrs L says she tried to contact CIGNA via phone and email to resolve things, but either received no response or was passed to different departments. I appreciate this caused Mrs L additional upset and inconvenience, at a time when she was already worried. CIGNA acknowledged its error in January 2023 – around nine months after Mrs L first complained to it and agreed to refund the overpayment at that point. But as I've explained, I think it could've settled Mrs L's claim fairly and resolved her concerns far more promptly than it did.

So I, too, think it's appropriate that CIGNA should pay Mrs L compensation to reflect the impact and distress its claims handling caused her. I've borne in mind the embarrassment Mrs L was caused by the clinic needing to chase her and I've considered the time and trouble she was put to in chasing CIGNA with little apparent response. I've also thought about the fact that I think CIGNA's error could've been identified and rectified around nine months sooner than it was.

Taking these factors into account, I agree that £300 is fair compensation to reflect the impact I think it's likely CIGNA's errors had on Mrs L. While I understand she feels a higher award is warranted, as the investigator explained, our role isn't to fine or punish the financial businesses we cover. It appears that the amount of compensation Mrs L is seeking is around double the amount she overpaid and was chased for. And considering the specific circumstances of this complaint, I don't find a higher award of compensation is proportionate to CIGNA's error, or the likely distress and inconvenience I think Mrs L was caused.

Overall, I find that £300 compensation is fair and reasonable to reflect the distress and inconvenience I think Mrs L was caused by CIGNA's handling of her claim.

My final decision

For the reasons I've given above, my final decision is that I uphold this complaint.

I direct CIGNA Life Insurance Company of Europe SA-NV to:

- Pay interest on the refund amount of CHF 1737, at an annual rate of 8% simple, from the date the overpayment was made until the date of settlement;
- Pay Mrs L £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 12 April 2023.

Lisa Barham
Ombudsman