

## **The complaint**

Mr and Mrs F are unhappy that Union Reiseversicherung AG (URV) have not settled medical costs incurred under their travel insurance policy.

## **What happened**

The parties are familiar with the long history to this matter. In summary medical costs were incurred for treatment for Mrs F whilst Mr and Mrs F were in the USA. The claim was accepted under the policy but URV didn't accept that the provider had charged a reasonable amount for the treatment given.

Our investigator found that negotiation appeared to be ongoing therefore didn't ask URV to settle the full cost. Rather, in October 2022, he asked that URV provide regular updates to Mr and Mrs F as to the progress of the negotiations. He also asked URV to pay compensation in the sum of £200 to Mr and Mrs F. Mr and Mrs F accepted this recommendation as did URV.

However Mr and Mrs F became concerned that he hadn't received a truthful update and that negotiations were not progressing. They said that the matter was seriously affecting their health and wellbeing. In January 2023 Mr F asked for the matter to be referred to an ombudsman to make a decision.

I asked for an update before making a decision. On 10 March 2023 URV's solicitor provided an update.

I issued a provisional decision on 18 April 2023. I said as follows:

*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 F and Mrs F. But, that's not an unqualified right.*

*Legally, in situations where URV's interests conflict with those of Mr and Mrs F, URV has an overarching responsibility to act in good faith, having regard to Mr and Mrs F'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 and Mrs F, URV is required to base their decisions on the circumstances of their 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've thought carefully about what this means for Mr and Mrs F's complaint. Having done so I'm minded to require URV to settle all outstanding invoices relating to Mrs F's treatment in full. I am also minded to require it to pay £200 compensation for the stress this matter has caused Mr and Mrs F further to their last complaint to this service. URV previously agreed to this - if this sum has been paid already it does not need to be paid again.*

*Our investigator concluded it would be reasonable to give URV further opportunity to meaningfully negotiate with the third parties involved to try and reach a settlement. URV, via its solicitor, has demonstrated that negotiations have been entered into. However it seems that there is an impasse as to what represents a fair and customary amount for the treatment provided.*

*On 10 March 2023 URV's solicitor wrote that they were hoping to share more information with us shortly. To date nothing has been forthcoming.*

*I do appreciate URV's position that the charges levied are not fair nor customary. But this matter has been ongoing for years and is causing detriment to Mr F and Mrs F. I don't find that there has been any consideration given to the position they have unwittingly found*

*themselves in, having claimed under their policy. I provisionally find that URV has failed to comply with the regulations I've set out above and should now meet the outstanding medical invoices relating to Mrs F.*

I said that I'd look at any more comments and evidence I received by 9 May 2023, but unless the information changed my mind my final decision was likely be along these lines.

Mr and Mrs F accepted the provisional decision. They added that they couldn't stress enough how the situation had affected them, with the worry of being taken to court for the recovery of the unpaid amounts. They hoped that the matter could be brought to a speedy conclusion.

URV didn't respond.

### **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.

As Mr F and Mrs F have accepted my provisional decision and URV have not responded I am not persuaded to change my provisional findings, which I adopt here. I too hope that this will now mean the matter is concluded expediently.

### **My final decision**

My final decision is that I require Union Reiseversicherung AG to:

- Settle the outstanding medical costs for Mrs F
- Pay Mr F and Mrs F £200, if not already paid

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Mrs F to accept or reject my decision before 7 June 2023.

Lindsey Woloski  
**Ombudsman**