

The complaint

Mr S complains because Aviva Insurance Limited ('Aviva') hasn't paid an outstanding bill following a claim under his travel insurance policy.

All references to Aviva include the agents appointed to handle claims and complaints on its behalf.

What happened

Mr S holds a travel insurance policy, underwritten by Aviva, provided as a benefit of his packaged bank account.

Unfortunately, while on holiday abroad in October 2023, Mr S fell ill and was transported by ambulance to hospital. Mr S paid a deposit to the ambulance provider, which Aviva subsequently reimbursed along with payment of other costs claimed for. However, the remainder of the bill (approximately \$1,992.50) remained due to the ambulance provider, so Mr S complained to Aviva.

Aviva issued a final response about Mr S's complaint in March 2025. Aviva said it was in negotiations to settle the outstanding ambulance bill, and it was sorry Mr S was receiving chasers for payment but assured him cover was in place for his claim. Mr S was still receiving chasers for payment of the outstanding bill in July 2025, and Aviva said it was *'robustly pursuing the medical provider'*. As Mr S remained unhappy, he brought his complaint to the attention of our Service.

One of our Investigators looked into what had happened. She recommended that Aviva should ask the ambulance provider not to contact Mr S directly while negotiations were ongoing, and said Aviva should pay Mr S £300 compensation for the distress and inconvenience he'd experienced.

Aviva accepted our Investigator's opinion, but Mr S didn't, so the complaint was referred to me.

In November 2025, I asked Aviva for up-to-date confirmation of what its position was in relation to the outstanding bill. A summary of Aviva's reply was:

- it thought the charges were excessive and were being pursued falsely, without justification;
- the outstanding charges were being pursued by an entity who is in the business of acquiring debt for profit;
- it had contacted the parties involved in chasing the outstanding debt but neither had responded, neither were requesting funds from Aviva and neither were validating the claim, so it considered the account on hold;
- it had no confirmed, up-to-date information about bank details to complete verification checks or sanction checks as the parties involved weren't confirming an agreement of settlement;
- it was unclear what the current position of the ambulance provider was given recent

- events in the country in which it is situated;
- it anticipated that a resolution of this matter may not occur anytime soon, and the outstanding charges may never formally be pursued;
- it believed there was no indemnifiable amount to be paid in this case.

Aviva subsequently provided an email it received from the debt collector involved dated 2 December 2025 which said:

'I can confirm that the claim is currently on hold, and no further action or correspondence will be issued to the customer at this time. We will await the outcome of the ongoing discussions...'

I made my provisional decision about Mr S's complaint in December 2025. In it, I said:

'I should say at the outset that I note Mr S has quoted extensively from law and regulation in the jurisdiction in which he resides. I've taken into account relevant considerations, which include the law and industry rules, but I'm not bound to strictly apply them or to comment upon each specific reference made to them.'

My overall remit under the rules which govern our Service, as an informal alternative to the civil courts, is to consider Mr S's complaint as a whole and make a decision based on what I think is fair and reasonable in all the circumstances of his individual case. Any broader concerns about the travel insurance industry which have been raised with the regulator by consumer groups aren't relevant to the outcome of Mr S's complaint.

The outstanding bill

Under general legal principles, Aviva is bound to indemnify Mr S against certain losses covered by his policy as and when the amount of his loss (in this case, the amount of Mr S's outstanding liability to the ambulance provider) has been ascertained. That can be by agreement, by court judgement or by arbitration. So, Aviva has a commercial interest in being able to take over the defence and settlement of such claims in Mr S's name.

The terms and conditions of Mr S's policy (with 'we' in this context defined as 'Aviva') say:

'If we want to, we can take over and conduct in the name of the person claiming under the policy, the defence or settlement of any claim or issue proceedings for our own benefit to recover any payment we have made under this policy. We shall have full discretion in the conduct of any proceedings or the settlement of any claim.'

In effect, this means Aviva has the right to take over the conduct of a claim – defending or settling it – in the name of Mr S. But this isn't an unqualified right.

Legally, in situations where Aviva's interests conflict with Mr S's (such as in a case like this where Aviva is questioning the amount and/or lawfulness of a charge), Aviva has a responsibility to act in good faith when taking over the defence or settlement of a claim – having regard to Mr S's interests as well as to its own commercial interests. Aviva isn't entitled to act arbitrarily in the way it goes about contesting any outstanding bill. In deciding whether – and how – to settle or defend claims against Mr S, Aviva is required to base its decision on the circumstances of Mr S's individual case.

I think that applicable UK industry regulations and guidance lead to a similar conclusion. The Financial Conduct Authority (FCA) Handbook sets out a number of Principles for Businesses, which Aviva must follow, including Principle 2.1.1R which includes the following provisions:

- *A firm must pay due regard to the interests of its customers and treat them fairly;*
- *A firm must manage conflicts of interests fairly, both between itself and customers and between a customer and another client.*

Principle 2A The Consumer Duty says firms must act in good faith towards and avoid causing foreseeable harm to retail customers.

The Insurance: Conduct of Business Sourcebook 8.1.1R 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’) says firms should consider the impact of their actions, or inactions, on a consumer throughout the lifecycle of the service being provided.

I also think it’s relevant to take into account what I consider to have been good industry practice at the time of Mr S’s claim. I think this was for underwriters of travel insurance policies and their agents to engage diligently with third-party providers to try to resolve disputes about medical bills by actively seeking a compromise on those bills, including actively engaging in negotiation.

It isn’t in dispute that Aviva accepted responsibility for Mr S’s outstanding bill. Aviva says it first did this in November 2023, and it did so again in its final response of March 2025.

I appreciate Aviva says it thinks the amount billed by the ambulance provider was excessive. While I can understand Aviva’s stance, I’ve seen no actual evidence demonstrating that the charges were wholly unreasonable or excessive. But, in any event and regardless of the amount of the overall or outstanding bill, I’m not satisfied that Aviva has acted fairly or reasonably in the circumstances in its handling of Mr S’s claim for the outstanding bill.

I’ve seen evidence that Aviva was being chased for the outstanding bill by the ambulance provider’s agent from October 2023 (the same month the ambulance was used) onwards. Aviva’s file shows it was provided with the bank details via which to pay the bill and was chased multiple times in between October 2023 and March 2025. On a number of these occasions, based on the evidence I’ve seen, Aviva took very limited action in relation to the outstanding bill. I’ve seen no evidence that Aviva was engaging with the ambulance provider or its agents during this time, or that Aviva was in any way proactively attempting to negotiate settlement of the outstanding bill.

Negotiation may well have led to a reasonable settlement being achieved in this case. Before negotiation attempts are abandoned, I’d normally expect to see an insurer explain and justify its position with regard to any charges in dispute, take on board any responses it receives and try to persuade the third-party provider to accept a sum being offered and/or to reach a mutually acceptable compromise. I’ve also seen no evidence that Aviva did any of these things.

Aviva's final response letter to Mr S says it is in negotiations to settle the bill, but I don't think the information which Aviva provided to our Service in November 2025 supported this position. The only evidence I've seen which suggests any engagement by Aviva with the debt collector is the email of 2 December 2025, which was provided in response to an email from Aviva which I haven't seen. So, I'm not satisfied there have been any meaningful or proactive attempts by Aviva to negotiate settlement of the bill.

The sale of an outstanding debt to a third-party debt collector isn't uncommon and, while the debt collector may not be pursuing any funds from Aviva, I think it's clear the debt collector is attempting to pursue these from Mr S directly. The debt collector's letters to Mr S, which he has shared with Aviva, provide details via which payment can be made. And, if the debt has been sold on to a third-party debt collector as appears to be the case here, I don't think the status of the ambulance provider is relevant to my provisional outcome.

I don't think Aviva's position that there is no indemnifiable amount outstanding in this case is fair or reasonable in the circumstances, nor is its stance that it cannot propose a resolution to the situation but that formal recovery proceedings simply might not happen. This leaves Mr S in an unsatisfactory position with regard to a claim that Aviva has accepted responsibility for. Aviva has repeatedly been made aware, both by the ambulance provider and by Mr S, that the bill remains outstanding. Aviva appears to have taken a unilateral decision that it will not be paying the outstanding bill, without ever informing Mr S of this. I think this is unfair and unreasonable to Mr S.

Aviva has paid Mr S's claim for other costs, some of which may not have been covered under a strict application of the policy terms and conditions. But this doesn't discharge what I think Aviva's responsibilities to Mr S are in respect of the outstanding bill.

Overall, Aviva has a duty to deal with claims promptly and fairly and to act with due skill, care and diligence, paying due regard to Mr S's interests and treating him fairly. I don't think Aviva has done this. While Mr S's policy allows Aviva to take over and deal with the defence or settlement of any claim made under the policy in Mr S's name, I'd expect Aviva to do so in a fair and reasonable way and I don't think it has demonstrated that it has done this either.

Aviva needs to act fairly in each individual case. It also has a duty to fairly manage any conflicts between its own interests and those of Mr S. I don't think Aviva has had due regard to Mr S's interests or specific circumstances. Mr S's travel insurance policy provided cover for him falling ill overseas and he didn't expect to be exposed, without good reason, to action from debt collectors in the years that followed. Aviva has now had approximately two years to attempt to negotiate a compromise on the outstanding bill and, based on the specific circumstances of this individual case, I don't think it's fair or reasonable to allow it any further time.

Under the rules that govern our Service, I have the power to make a direction to require Aviva to take such steps as I consider just and appropriate, regardless of whether a court could order those steps to be taken. For the reasons I've set out, I'm currently satisfied it would be fair and reasonable in the circumstances of this case for Aviva to now settle the outstanding bill, together with any outstanding interest and charges, within 28 days of the date on which we tell it Mr S accepts any final decision making such a direction.

For the avoidance of doubt, I wish to reiterate to Mr S that our Service has no power to direct Aviva to instruct a third-party debt collector to cease communicating with him in the meantime. Any such direction would be unenforceable and would, therefore, be of no use to Mr S.

The impact of Aviva's actions on Mr S

As I've already outlined, I don't think Aviva handled this claim as I'd have expected it to and it didn't keep Mr S updated on the progress of the outstanding claim in line with industry rules. I've seen no evidence that Aviva kept Mr S regularly informed of the progress of the claim in between November 2023 and March 2025 and, when Mr S was updated, I don't think the information he was given was accurate based on the information that has since been provided to me.

Mr S has provided evidence that he was and is being repeatedly chased by debt collectors both in writing and on the phone, which will no doubt have been a source of great worry for him. However, while I acknowledge Mr S's understandable worry, I can't take hypothetical scenarios relating to risk to his professional standing and reputation into account when making an award of compensation. Our Service awards compensation based on the circumstances that actually happened, not on what might have or could have happened. I also have no power to seek to punish or fine Aviva for its actions through an award of compensation.

I'm not bound by compensation awards made by our Service in previous cases – these do not set precedent. I've taken into account our published guidance on the payment of compensation for distress and inconvenience, although I'm also not bound by this guidance.

Ultimately, it's at my discretion to award an amount of compensation to Mr S that I consider is fair and reasonable for the impact of Aviva's actions on him, based on the individual circumstances of his specific case.

I'm sorry to disappoint Mr S but I must make an independent and impartial decision which is fair to both parties and an award of compensation at the level he is seeking isn't one which I'd consider reasonable in these circumstances.

Overall, having taken into account what I think the impact of Aviva's actions on Mr S were, including the timeframes involved and the effect on Mr S's time, I'm currently satisfied that a total award of £600 compensation would be fair and reasonable in the circumstances for the significant distress and inconvenience which Mr S experienced over many months.'

So, my provisional decision was for Aviva to pay the outstanding bill, and to pay Mr S £600 compensation for the distress and inconvenience he experienced.

Aviva accepted my provisional directions but outlined further facts about the case which it said it wanted noted to more accurately reflect its position. Mr S agreed with my direction for Aviva to pay the outstanding bill but didn't accept my compensation award.

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.

I note Aviva's comments that it began negotiations with the ambulance provider when it received invoices for a different entity and that a third-party agent blocked communications after a period of time. Aviva says it then informed the ambulance company directly that the invoice wouldn't be paid. Aviva has also referred to a meeting which it says took place in July 2025 when it clarified that the debt collector's account should be put on hold.

While I have no reason to dispute the version of events now presented by Aviva in response to my provisional decision, no evidence of what Aviva is saying happened has ever been

provided to our Service, and I can't see that this was ever explained directly to Mr S either. I don't dispute that matters such as this can't always be discussed when an insurer is in active negotiation about an outstanding liability, but Aviva had ample opportunity to provide some explanation (even if this was a limited one) about its progress in settling the bill and hasn't made any attempt to do so up until now.

Aviva doesn't agree with the comment in my provisional findings that it appears to have made a unilateral decision not to pay the outstanding bill without ever informing Mr S of this. I've taken into account Aviva's response to my provisional decision but my findings in this regard remain unchanged based on the totality of the evidence which I've seen.

I've carefully thought about all of Mr S's email submissions in response to my provisional decision.

Mr S says Aviva told him the outstanding bill has now been resolved but he hasn't received written confirmation that the account has been settled and closed with a zero balance. My direction in this regard remains for Aviva to pay the outstanding bill. I'd expect Aviva to provide written confirmation to Mr S that it has done this, but I have no power to direct any third-party business to provide confirmation of the account status to either Aviva or to Mr S.

I've already explained, and Mr S says he understands, that I can't seek to punish Aviva for any of its failings in this case through an award of compensation. Any involvement by the regulator isn't grounds upon which I could fairly direct Aviva to pay increased compensation to Mr S, and I can't comment on what Aviva may have said to the press. My decision is limited to considering the evidence presented to our Service by both parties relating to the complaint which was originally made about Aviva's handling of Mr S's claim, the details of which I've outlined within my provisional decision and herein. Aviva's communications (or lack of communications) with Mr S after I sent my provisional decision aren't a reason for me to increase the compensation award either. It's not unusual for a financial business to limit direct communications with a policyholder about a complaint which has been referred to our Service.

My provisional decision outlined that I'm not bound by precedent. In line with the rules which govern my remit and set out my permitted discretion, I've taken into account the specific facts of Mr S's complaint, (including, but not limited to the length of time and manner in which he was being chased by debt collectors and the time and effort Mr S spent in attempting to resolve this matter with Aviva), when deciding what award of compensation I think is appropriate for the impact of Aviva's actions on Mr S.

I appreciate Mr S doesn't agree, but I'm satisfied that a total award of £600 compensation is fair and reasonable in the circumstances of this case, and I won't be increasing this.

If Mr S is unhappy with the outcome of a complaint which he made to Aviva about a Data Subject Access Request, then he'd need to bring a separate complaint to our Service about that matter following on from Aviva's final response letter dated 17 October 2025. I can't comment on this or take it into account here, as it didn't form part of Mr S's original complaint.

Putting things right

Aviva Insurance Limited needs to put things right and do the following:

- pay the outstanding bill due, together with any interest owing on the outstanding amount and any collection fees which Mr S may be liable for; and
- pay Mr S a total of £600 compensation for the distress and inconvenience he

experienced.

Aviva Insurance Limited must pay the compensation within 28 days of the date on which we tell it Mr S accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple¹.

My final decision

I'm upholding Mr S's complaint against Aviva Insurance Limited, and I direct it 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 S to accept or reject my decision before 2 February 2026.

Leah Nagle
Ombudsman

¹ If Aviva Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr S how much it has taken off. It should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.