

## complaint

Mr H has complained that CIGNA Europe Insurance Company SA-NV and its agents failed adequately to pay his hospital charges following his claim under his travel insurance policy.

## background

Mr H whilst on holiday in the USA where he owns a holiday home became ill and required medical treatment. Cigna accepted his claim and said on 10 May 2017 that it would pay his hospital invoices direct. Mr H ensured any invoices he received were sent to Cigna.

Cigna said it asked the hospital when Mr H was treated to present their invoices in a certain format. But nothing further happened until Mr H chased Cigna on 29 November 2017 asking if all the medical bills had been paid. Cigna said it then again asked the hospital to use its preferred format in order to be paid on 28 December 2017.

Mr H then told Cigna on 21 February 2018 he was being chased by debt collectors instructed on behalf of the hospital. Cigna said it paid a large invoice on 12 April 2018. However, Mr H believes some invoices due to be paid to the hospital are still outstanding.

Mr H said due to the debt collectors registering the debt against his name using his holiday home address, his USA credit card had been cancelled by his bank. He also said he can't get another one until his credit rating is clarified either by instructing a lawyer or until the records falls off his credit record in February 2024.

So Mr H complained and Cigna offered him £250 compensation but said his issues with his credit rating in America were consequential losses and not covered under his policy. Mr H then brought his complaint to us. The adjudicator thought Cigna should increase its offer of compensation to £500 but she didn't think it needed to do anything more. Whilst Cigna agreed, Mr H did not, so his complaint has been passed to me to decide.

I issued a provisional decision 31 January. I said the following:

*'Mr H's claim under this travel policy was a valid claim, which Cigna accepted and consequently the hospital's medical invoices should have been paid as Cigna agreed to do in May 2017. I agree with Mr H that it's not his problem if whatever format Cigna requires invoices from such third parties isn't met by such third parties. The issue is Mr H paid a premium for this cover and Cigna agreed his claim was valid and therefore it should have arranged to pay his hospital expenses as agreed.'*

*Or, at the very least, Cigna should have explained to Mr H the problems its system was creating with the hospital that treated him. That would have allowed Mr H pay the hospital himself possibly, as he was going to do initially. Instead, it simply did nothing from May to November 2017. Obviously, this meant the hospital, which quite naturally needed to take such action, as it deemed necessary, to be paid, took that action which involved instructing debt collectors and marking Mr H's credit record in the USA adversely. This had consequences for Mr H. It's neither fair nor reasonable in my opinion therefore, that Cigna deems these 'consequential losses' and so not covered by his policy, as these losses would not have occurred if Cigna had paid the hospital properly and promptly as it said it would do once it accepted Mr H's claim in May 2017.'*

*Cigna said it could do nothing because the hospital didn't put their invoices in the right format but that's of no relevance or concern to Mr H. And in any event, it should have at least informed Mr H of its 'rules' about the formatting of invoices and the issues it was having with the hospital. Perhaps then, Mr H would have also been afforded the opportunity to at least talk to the hospital himself, as it didn't appear Cigna were chasing the hospital for the correct formatting of their invoices either. Consequently, since Cigna was doing nothing to ensure payment of these invoices it's obviously foreseeable that the hospital would have a difficulty with their fees not being paid, which could adversely affect Mr H.*

*Cigna's final response letter had several factual inaccuracies talking about his wife and his mother, when Mr H never mentioned either. Mr H doesn't have a wife in any event or indeed a mother who is still alive. This shows me that Cigna didn't get to grips effectively with Mr H's complaint nor it seems also with actually paying his claim so as to not prejudice him and cause him losses which would not otherwise have occurred.*

*Mr H has detailed satisfactorily to me, the consequences of his credit record in the USA being so adversely affected and I now think Cigna should pay all reasonable costs Mr H incurs in putting that right. This is because had it actually done something coherent as regards paying Mr H's claim, namely his hospital charges, none of this would have happened. Mr H is presently off the view that some hospital charges are still not paid by Cigna and so Cigna should now confirm this to Mr H as soon as possible.*

*I consider the compensation payment of £500 now agreed by Cigna to be satisfactory compensation for the trouble and upset this caused Mr H, once his reasonable additional costs in correcting his credit history are also reimbursed.'*

Cigna agreed with the £500 compensation as it had done previously but it remained of the view it didn't need to do anything as regards the consequences suffered by Mr H of it not ensuring his claim for medical expenses was paid promptly. It said it was disappointing the hospital never responded to its 'ID cards' for payment. It confirmed the hospital Mr H attended in the USA is part of the Cigna USA network and they have a mutual contractual agreement in regards to costs. It nevertheless continues to feel that any consequential costs are not covered by the policy and the £500 is adequate compensation. It acknowledges that the costs Mr H will go one to incur in correcting his credit profile could be vast but that it shouldn't be paid to pay for them when it has no way of quantifying them.

Mr H agreed in principle with my provisional decision. But he said he sustained banking costs and exchange fees of £399.96 which he raised originally but which were now missed, which Cigna said originally were 'consequential losses' so not covered. He showed his credit profile in the USA is still adversely affected, as he was turned down by another bank in the USA for a card. He said he spoke to the radiology billing department of the hospital on 30 January 2019 who confirmed that in May 2018 the hospital discounted its invoice by 50% for Cigna but simply never received payment. They confirmed the invoice was now written off as a bad debt.

He said Cigna's inability to pay his claim for medical expenses put him to considerable trouble and upset and gross inconvenience in the two years since he made his claim suffering from kidney stones. His holiday subsequently in May 2018 was completely ruined by these calls from debt collectors. And as he owns real estate in the USA there was a

chance, the hospital could have registered a lean on his property. So he feels the compensation of £500 is on the low side but it would be negated if these bank fees aren't also refunded.

### **my findings**

I've again considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Our remit at this service is to see if a business such as Cigna here did anything wrong in its dealing with its consumer or policyholder like Mr H, and if so, how it should then put that right.

Mr H had a valid claim under his travel policy, which Cigna accepted. That claim was for it to pay his hospital expenses that he incurred for medical treatment whilst on holiday in the USA. Cigna didn't do that. For reasons, which are of no concern to Mr H, it had issues with the hospital within its geographical global network in actually making any payment to it. It further never chased paying the hospital coherently or indeed at all at times. So it did do something wrong. It failed to pay Mr H's claim. It was solely that, which caused the hospital to instruct debt collectors, who then ensured Mr H's credit profile in the USA was consequently so adversely affected.

I now consider that Cigna now needs to make that right because first it has done something wrong and secondly that consequently has adversely affected Mr H quite considerably as fully detailed by him and by my provisional decision. It's irrelevant whether not those losses are covered by the policy, what is relevant is that Cigna's lack of action in paying his claim (as in providing him with coherent customer service) has adversely affected Mr H. There's a clear causal connection between Cigna failing to pay Mr H's hospital expenses and Mr H's USA credit profile then being adversely affected. Had Cigna paid his claim, promptly which meant it paid his hospital expenses fully and efficiently, then none of the damage to Mr H's credit profile would have occurred, because the hospital wouldn't have had to decide to chase him for payment instead, as its costs would have already been paid by Cigna. That is solely down to Cigna in failing to discharge the costs of the hospital Mr H incurred as a valid claim under his travel policy. So consequently, I consider it's only fair and reasonable that Cigna now puts that right.

From what Mr H has detailed, the legal costs in correcting his credit profile might well be considerable. He has detailed an approximate cost of that directly to Cigna in his communication to it of 8 May 2018, so it's not unquantifiable as Cigna suggests in its response to my provisional decision. Again, however it's irrelevant in my view, as Cigna's lack of coherent service to Mr H caused this issue. So irrespective, I consider it now must put that right in reimbursing Mr H his reasonable expenses in doing so.

Mr H had previously detailed his bank charges of £399.96, which Cigna also dismissed originally as being consequential losses. Therefore, Cigna has always been aware he incurred them and now confirmed so again. As I've already determined that Cigna must refund Mr H these consequential losses, it of course follows that Cigna must refund Mr H these quantified costs too. And I apologise to Mr H for omitting them in my provisional decision.

Mr H has also indicated that not all of his hospital invoices have yet been paid by Cigna, considering his telephone call with the radiology department on 30 January 2019. Obviously,

this continues to be exasperating for him so Cigna should now ensure all hospital bills are fully paid and confirm that in writing to Mr H, should any further issues arise.

### **my final decision**

Therefore, for these reasons, it's my final decision that I uphold this complaint.

I now require CIGNA Europe Insurance Company SA-NV to do the following:

- Pay Mr H a total of £500 compensation if it already hasn't already done so.
- Reimburse Mr H's reasonable expenses in correcting his credit record in the USA damaged by the hospital's registration of their debt on his credit record.
- Refund Mr H his bank and exchange costs of £399.96 adding interest at 8% simple from the date Mr H incurred these costs to the date it refunds him.\*
- Confirm clearly and coherently in writing, to Mr H that all invoices and fees for his treatment under this valid claim have now been paid.

\*If CIGNA Europe Insurance Company SA-NV considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr H how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 March 2019.

Rona Doyle  
**ombudsman**