DRN-5014499

The complaint

Mr S has complained that Zurich Insurance PLC hasn't fully paid out on a claim he made on a travel insurance policy. He has also complained about the service he received from its medical assistance service whilst he was in hospital.

The complaint involves the actions of the claim administrators and medical assistance team, acting on behalf of Zurich. To be clear, when referring to Zurich in this decision I am also referring to any other entities acting on its behalf.

What happened

Mr S was on a trip abroad in June 2023 when he became seriously ill and needed to be hospitalised for an operation.

Through the efforts of his family, Mr S was able to pay the medical costs upfront. He then made a claim on the policy for those and other incurred expenses.

Zurich settled the claim in September 2023. However, the settlement amount fell short of what Mr S was expecting as it had declined to cover a number of items set out in his claim, particularly in relation to costs incurred by his wider family as a result of them remaining with him to sort things out, rather than returning home as planned. He had also claimed for taxi fares and parking and fuel costs due to flying into a different UK airport.

In response to the complaint, Zurich maintained its position regarding the settlement amount. However, it accepted that it could have communicated better with him in getting him the medical attention that he required. So, it apologised and offered £200 compensation for distress and inconvenience. When Mr S's son also complained, Mr H was offered a further £200 compensation.

Our investigator thought that Zurich had settled the claim fairly, in line with the policy terms and conditions. He also thought that £400 was reasonable compensation for the distress and inconvenience caused by poor service and delays.

Mr S disagrees with the investigator's opinion and so the complaint has been passed to me for 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.

I've carefully considered the obligations placed on Zurich by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for Zurich to handle claims promptly and fairly, and to not unreasonably decline a claim.

Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it's willing to cover and set these out in the terms and conditions of the

policy document. The test then is whether the claim falls under one of the agreed areas of cover within the policy.

Mr S accepts that a number of the items he is claiming for aren't strictly covered under the policy terms, such as the cost of phone calls and expenses incurred by his wider family. However, his argument is that these costs were a direct consequence of the poor service provided by Zurich from the start, so he thinks that Zurich should pay them.

Mr S was admitted to hospital on 6 June 2023. The hospital rang Zurich the same day to register a claim on his behalf. Mrs S also spoke to Zurich during the same call. She explained that she was due to return to the UK the following day and that she wouldn't be able to stay. But she wanted to ensure that Mr S would be assisted to return home with an escort once he was fit to travel. Mrs S says she was told that it would need to be passed to a different team and someone would get back to her within two to four hours, which Mrs S understood to be when they would receive a decision about covering the claim.

The call recording is not available. However, I have seen a copy of the call note. It says it was explained that a claim would be opened and that it was really important to send the documents that were being requested in the email that was about to be sent. The adviser stated that she didn't personally handle requests of that type, but that once all the documents were received, they'd be able to contact the claims manager who would handle the return home and the request for a companion.

Mr S doubts that Zurich contacted the hospital before his operation because he thinks the hospital would have told him about that. However, Zurich has provided a copy of the email correspondence between it and the hospital. The hospital sent a number of the documents by email on 7 June 2023 and asked Zurich to provide a guarantee of payment. Zurich replied the same day, asking for a medical update to include the ECG tracings and detailed labs. It also said that it needed more information about Mr and Mrs S's original travel dates. At the same time, it asked the hospital for Mr S's mobile phone number.

Zurich didn't receive a response and so rang the hospital on 8 June 2023. It was then told that Mr S had been discharged, having had the operation the previous day, and that he wouldn't be fit to fly for another two days. It then rang Mr S at his hotel, who expressed dissatisfaction with the service he'd received.

From his family's point of view, they were waiting for a call back from Zurich on 6 June 2023 to find out if the cost of the operation would be covered. Because they didn't hear anything, they were put in the position of having to find the funds so that the operation could go ahead. The family incurred large phones fees as a result of calling UK banks to get money transferred.

Mr S says that, had Zurich called back to guarantee payment as it should have, his family would have been content to return home as planned, knowing that he was in good hands.

Zurich has acknowledged that its communication wasn't as good as it should have been. It had Mr S's phone number on the policy details and so there was no reason why it couldn't have called him back sooner. It could have taken a contact phone number for Mrs S during the initial phone call and kept in touch with her during 6-7 June 2023. And it should have called the hospital on 7 June 2023, to chase for the missing documentation.

Having said that, it would be highly unusual for an insurer to make a decision immediately about agreeing cover. Zurich was entitled to make checks to validate the claim, meaning that it would need to assess all the necessary documentation first. This would include reviewing Mr S's medical records from his GP to see if the condition being claimed for was pre-

existing. So, on that basis, I find it unlikely that it gave an undertaking to make a decision on cover within two to four hours.

I find it more likely that there was a misunderstanding and that Mrs S was told that further contact would be made within two to four hours. An email was sent to the hospital following the call, setting out what documentation was required. Ideally, a claims manager would then have called to explain the process and what the next steps would be. So, it could have been explained that it would now await the necessary documents, that it would be monitoring the situation and could liaise with the hospital. In that case, it could have been explained that a decision on covering the costs would not be immediate.

So, I can't agree that Zurich acted incompetently in not agreeing the claim at that point. Its failing was in not keeping in closer touch.

Therefore, because I don't think Zurich would have guaranteed cover at that point, I don't think it is responsible for reimbursing the cost of the calls the family made to move funds around to pay for the operation.

In the event, Mrs S stayed with Mr S. Their son, daughter and two grandchildren also remained. Mr S understands that the policy ordinarily only covers the costs for one additional person, and Zurich has paid the extra costs incurred by Mrs S.

I can appreciate why they all decided to stay, as Mr S was having a serious operation which coincided with their scheduled return date and they were making financial arrangements. However, whilst I am sympathetic to the circumstances, overall, I consider that it was reasonable for Zurich to decline to pay for additional accommodation and flight costs incurred by the wider family.

I've thought very carefully about what Mr S has said. However, on balance, I'm satisfied that Zurich settled the claim reasonably, in line with the policy terms and conditions.

In relation of the level of service received from the medical assistance team, Zurich has accepted that it fell below what Mr S was entitled to expect and offered compensation. I agree that Zurich should have done more. Mr S feel seriously ill whilst abroad and it must have been a very worrying time for him and his family. Given the nature of the situation, Zurich should have acted more promptly and kept in closer touch.

I can understand why Mr S feels that a higher amount of compensation is warranted. However, as an alternative dispute resolution service, our awards are more modest than he might expect and likely lower than a court might award. On balance, I'm satisfied that the £400 offered by Zurich is a fair and reasonable amount for the distress and inconvenience caused by the lack of communication and delay in settling the claim.

My final decision

For the reasons set out above, I do not uphold the complaint. Zurich Insurance PLC should pay the £400 compensation it offered now, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 December 2024.

Carole Clark
Ombudsman