

## **The complaint**

Mr and Mrs H complain about the way Zurich Insurance Plc handled a medical expenses and curtailment claim they made on a travel insurance policy.

Mr and Mrs H are represented by Mr H1.

## **What happened**

The background to this complaint is well-known to both parties, so I've simply set out a summary of what I think are the key events.

In December 2022, Mr and Mrs H were on a cruise holiday. Unfortunately, Mrs H fell and suffered a broken femur. She was admitted to hospital for surgery. Mr H1 and another family member travelled abroad by car to drive Mrs H back to the UK. In mid-January 2023, Mr and Mrs H made a claim on the policy for the medical expenses they'd incurred; Mr H1's travel costs and the costs of cutting short their cruise.

Despite repeated contact and chase-ups from Mr and Mrs H – and ultimately, from Mr H1, it took Zurich until July 2022 to fully settle Mr and Mrs H's claim. Zurich paid Mr and Mrs H a total settlement of £14,053.63. It acknowledged that there had been unreasonable delays in its settlement of the claim and it offered Mr and Mrs H total compensation of £750 to represent the trouble and upset its handling of the claim had caused them. It also offered to pay them a further award of £375 to represent 8% simple interest on the settlement amount to represent the time they'd been without the money.

Mr and Mrs H didn't think Zurich's compensation offer sufficiently reflected the distress and inconvenience its handling of the claim had caused them. So Mr H1 asked us to look into their complaint.

Our investigator thought Zurich had made a fair offer of compensation. While he acknowledged that Zurich hadn't handled the claim promptly, he thought the compensation it had offered Mr and Mrs H was reasonable. And he thought the interest award it had offered reflected the period Mr and Mrs H had been without the settlement amount.

Mr H1 disagreed on Mr and Mrs H's behalf. He said he felt Zurich's actions had been diabolical and bordered on criminal. He felt the interest award only covered lost interest, not the opportunity cost of being without the settlement amount for several months. This had meant Mr and Mrs H had experienced financial difficulty and had had to borrow money. Mr H1 also said that Mr H had been undergoing cardiac surgery at the time and had ended up in hospital several times with a very high heart rate – which he felt was due to the money worries caused by Zurich. So he felt that the minimum appropriate compensation Zurich should pay Mr and Mrs H was £1500.

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, whilst I'm sorry to disappoint Mr and Mrs H, I think Zurich has already made a fair offer of compensation and I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. In this case, Zurich accepts that it didn't meet its regulatory obligations to handle Mr and Mrs H's claim promptly or fairly. While I wouldn't generally consider it unusual for an insurer to take a few weeks to assess and settle a claim – in this case, Zurich received the claim documents in mid-January 2023, but didn't fully settle the claim until July 2023. It's clear, both from Mr and Mrs H's testimony and Zurich's notes that, during that period, Mr H contacted Zurich on a number of occasions to chase things up and was told that the claim was being reviewed. However, little to no progress seemed to be made. I don't doubt that the need to contact Zurich several times to ensure the claim moved along caused Mr and Mrs H unnecessary frustration and inconvenience.

I'm conscious too that Mr and Mrs H had claimed for around £14,000. This is a significant amount of money and Mr H1 has told us that Mr and Mrs H were in financial difficulty while they were waiting for the settlement to be paid. He's provided evidence to show that Mr and Mrs H had to borrow some money from him during this period. I appreciate that this situation is likely to have caused Mr and Mrs H worry and avoidable upset.

So I think it was reasonable and appropriate for Zurich to offer to pay Mr and Mrs H compensation to reflect the delays in its handling of their claim. I've first considered the interest award. In my view, the interest award of £375 (which Zurich calculated using an annual rate of 8% simple on the total settlement amount for a broadly four month period) is a fair amount to reflect the period Mr and Mrs H were *unreasonably* deprived of the settlement. I say that because, as I've set out above, I wouldn't generally expect an insurer to settle a claim immediately – it will usually take a few weeks to assess and settle a claim. So I think it's fair for Zurich to have concluded that it unreasonably delayed settling Mr and Mrs H's claim by a broadly four month period. The interest award Zurich has offered is intended to compensate Mr and Mrs H for the time they were out of pocket and for the potential consequential losses which flowed from that period.

It's clear Mr H1 feels strongly that £750 isn't enough to reflect the impact of Zurich's handling of the claim on Mr and Mrs H. I've considered this very carefully. Having considered the available evidence and the circumstances of this complaint, I think that £750 is a fair, reasonable and proportionate award to recognise the impact of Zurich's service errors on Mr and Mrs H. It is a significant award of compensation and it's in line with our online guidance, which our investigator has already shared with Mr H1. I appreciate Mr H1 feels the handling of the claim may have caused Mr H's cardiac issues to worsen and that therefore, the compensation isn't sufficient. But I haven't seen any persuasive medical evidence which shows, on balance, that Mr H wouldn't have needed hospital treatment, but for the delays in Zurich's settlement of this claim. It's open to Mr and Mrs H to obtain such evidence from Mr H's cardiologist should they wish to do so and to provide it to Zurich for its review.

Overall, I sympathise with Mr and Mrs H's position because I appreciate they've been through a difficult and worrying time. However, I find Zurich has already made a fair offer of compensation to reflect its poor handling of the claim, based on the evidence it has available. And so I'm not directing it to pay anything more. Zurich should now pay Mr and Mrs H the total award of £1125 it's already offered them if it hasn't already done so.

**My final decision**

For the reasons I've given above, my final decision is that Zurich has already made a fair offer to settle this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 13 December 2023.

Lisa Barham  
**Ombudsman**