

The complaint

Mrs S complains about ERGO Reiseversicherung AG's ('ERGO's) delays in paying a claim under her travel insurance policy.

What happened

Mrs S made a claim under her travel insurance policy with ERGO in November 2022 and chased ERGO for a response several times.

In January 2023, ERGO wrote to Mrs S and said her claim would be processed and paid within 7-10 working days. When this didn't happen, Mrs S brought her complaint to the attention of our service. ERGO wrote to Mrs S again in March 2023 and said her claim had now been paid. ERGO told Mrs S it was very busy and apologised for the delays she'd experienced.

One of our investigators looked into what had happened and recommended that ERGO should pay Mrs S £50 compensation for the trouble and upset it had caused her.

Mrs S agreed with our investigator's opinion. ERGO didn't respond. As no resolution was reached, Mrs S's complaint was referred to me as the final stage in our process.

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.

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims promptly, provide reasonable guidance to help a policyholder make a claim and provide appropriate information on its progress, and settle claims promptly once settlement terms are agreed. I've taken these rules into account when making my decision about Mrs S's complaint.

An insurer is entitled to make reasonable enquiries to satisfy itself that a claim is covered under a policy before making a payment, and making an insurance claim inevitably involves an element of inconvenience for a policyholder. However, ERGO didn't handle this claim as I'd have expected it to.

I think the overall delay in this case from November 2022 to March 2023 was excessive and unreasonable. ERGO didn't respond to several of Mrs S's requests for an update about the claim and, on one occasion when ERGO did respond, it asked for information which Mrs S had already provided. Mrs S's claim wasn't paid in January 2023 when ERGO told her it would be, and it took a further two months after that for Mrs S's claim to be paid. I also don't think the explanation about the reasons for the delay set out in ERGO's final response letter to Mrs S was particularly helpful.

I'm satisfied that Mrs S experienced distress and inconvenience because of how ERGO handled her claim, and I think a compensation payment of £50 would be fair and reasonable

in the circumstances to recognise the impact of the situation on Mrs S.

Putting things right

ERGO Reiseversicherung AG needs to put things right by paying Mrs S £50 compensation for the distress and inconvenience she experienced.

ERGO Reiseversicherung AG must pay the compensation within 28 days of the date on which we tell it Mrs 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 simple.

My final decision

I'm upholding Mrs S's complaint about ERGO Reiseversicherung AG 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 Mrs S to accept or reject my decision before 13 September 2023.

Leah Nagle
Ombudsman