

The complaint

Miss H and Mr N complain about how U K Insurance Limited dealt with a claim against their travel insurance policy. Reference to UKI includes its agents.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here in full. In summary, Miss H and Mr N have travel insurance as a benefit of their bank account. In January 2019, Miss H and Mr N booked a ski trip which had departure and return dates of 17 March 2019 and 30 March 2019 respectively.

Unfortunately, on 19 March 2019 whilst they were on their trip, Miss H's close relative was seriously injured whilst skiing. Miss H and Mr N effectively curtailed their trip from the date of the accident. I understand that they returned home on 28 March 2019.

In March 2019, Miss H and Mr N made a claim against their policy for unused accommodation, travel and activities costs and additional flight costs. UKI settled the claim in March 2021.

It's common ground that UKI didn't handle Miss H and Mr N's claim well. It offered them compensation amounting to £450. Miss H and Mr N didn't think that was enough and pursued their complaint. They want significant financial compensation for the trauma caused by UKI's handling of their claim and the time they spent dealing with the matter. Mr N said that he's seeking compensation of between £1,000 and £2,000. Miss H and Mr N also want UKI to evaluate its claims and complaints processes.

One of our investigators looked at what had happened. She thought that UKI should pay total compensation of £700 in relation to Miss H and Mr N's distress and inconvenience, so a further £250.

UKI accepted the investigator's recommendation but Miss H and Mr N didn't. They asked that an ombudsman consider their complaint, so it was 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.

I'm very sorry to hear about the circumstances that led to the claim. It's clear and quite understandable that Miss H and Mr N have strong feelings about this matter. Mr N has provided detailed submissions to support the complaint. I've read through all this carefully and taken it all into consideration when making my decision. I trust that neither Mr N nor Miss H will take as a discourtesy that I concentrate on what I think is the central issue in the case, that is whether UKI have done enough to put matters right.

This service isn't the regulator, so we can't direct UKI generally in relation to its claim process. Miss H and Mr N have also expressed concern about how UKI handled their

complaint. Our service can only consider complaints about financial services. So, I can't consider the points about the handling of their complaint because it isn't a regulated activity. But I can look at how UKI handled Miss H and Mr N's claim.

It's common ground that UKI caused extensive delay in settling the claim and that Mr N had to chase for updates and provide the same information repeatedly. UKI didn't return calls when it said it would do so and didn't keep Mr N updated about the progress of the claim. UKI also had several different approaches to settling the claim. UKI's errors are compounded by the fact that it was on notice about what had happened here and about the sensitivities of the claim and the effect events had on Miss H.

In cases like this, where there's been errors, we look at the effect of the errors on the parties. We don't seek to punish the insurer. Here, UKI's errors meant that Miss H in particular was reminded of traumatic events. And the claim was unresolved for a significant period. Both Miss H and Mr N spent additional time dealing with what should have been a fairly straightforward claim.

In all the circumstances, I think that total compensation of £700 is fair and reasonable in this case in relation to the distress and inconvenience caused to Miss H and Mr N by UKI's handling of the claim. In reaching that view, I've taken into account the nature, extent and duration of the distress and inconvenience caused by UKI's errors in this case.

UKI's delay meant that Miss H and Mr N were kept out of the use of the settlement money for longer than was necessary. So, I think it's fair that UKI pays interest on the settlement amount – as distinct from the award for distress and inconvenience I've referred to above. UKI has now agreed to do that.

For these reasons, I uphold Miss H and Mr N's complaint.

Putting things right

In order to put things right, UKI should now:

- Pay Miss H and Mr N additional compensation of £250 in relation to their distress and inconvenience, bringing the total amount paid to £700.
- Pay interest on the amount UKI paid in settlement of the claim at the simple rate of 8% per year from the date Miss H and Mr N made the claim, to the date it made payment.

My final decision

My final decision is that I uphold Miss H and Mr N's complaint. U K Insurance Limited should take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H and Mr N to accept or reject my decision before 22 August 2022.

Louise Povey
Ombudsman