

## **The complaint**

Mrs and Mr T complain about Inter Partner Assistance SA's (IPA) settlement of their travel insurance claim. My references to IPA include its claim handler agent.

## **What happened**

Mrs and Mr T had travel insurance through a bank account, IPA was the insurer.

Mrs and Mr T paid for a holiday abroad for themselves and their adult children, children's partners and grandchildren as a gift to the family for Mrs T's significant birthday. They booked three hotel rooms for the eleven people who were due to travel.

Unfortunately the holiday had to be cancelled due to Mr T's ill health. Mrs and Mr T claimed on the policy for the full holiday costs.

IPA accepted the claim but only paid the costs attributable to Mrs and Mr T and their grandson who were sharing one room. It said it wouldn't pay the full amount of the trip as the policy terms were clear it would only cover the portion of the costs for the people insured by the policy, Mrs and Mr T and their grandson as a dependent child .

IPA accepted that after the claim had been made it had told Mrs and Mr T the full claim was covered by the policy, which it said was wrong. It paid Mrs and Mr T £100 compensation for their disappointment due to the change in its decision not to pay the full amount. But IPA said its wrong information hadn't caused the financial loss as Mrs and Mr T had already cancelled the holiday.

Mrs and Mr T complained to us that their costs were the full cost of the holiday. IPA told them their family should claim against their own insurance policies but Mrs and Mr T said their families couldn't claim for something their families hadn't paid for.

Our investigator said the policy terms weren't clear that if Mrs and Mr T paid the full holiday costs for other people as a gift their full cost wouldn't be covered. She recommended IPA pay the remainder of the claim subject to the remaining policy terms, conditions and limits, plus interest.

IPA disagrees and wants an ombudsman's 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.

The industry relevant rules say that insurers must deal with a claim promptly and fairly and they mustn't decline a claim unreasonably. I think IPA unreasonably settled Mrs and Mr T's claim. I'll explain why.

The policy says under the 'cancellation' section:

*'We will pay you, up to the amount shown in the Benefit Schedule, for any irrecoverable unused travel and accommodation costs and other prepaid charges which you have paid or are contracted to pay...'*

IPA said the policy defines 'You/your/insured person' as 'for Joint Account Holders: The First and Second Named Account Holders, their Dependent Children', so there's only cover for the costs attributable to the insured - Mrs and Mr T and their grandson (as a dependent child).

I'm satisfied that Mrs and Mr T had paid for the trip as a gift and they weren't expecting any repayment from their children/grandchildren. I've seen the booking invoice and Mrs and Mr T's bank statement which show they paid for the holiday. So I'm satisfied that Mrs and Mr T incurred the full costs being claimed for.

I've considered the policy terms and the policy covered the insured person's costs if the trip has to be cancelled.

There is no exclusion in the cancellation section of the policy or in the general exclusions which specifically excludes payments the insured person made on behalf of other travellers. If the policy was going to exclude cover of payments made by the insured person on behalf of other people I think it would have been fair for IPA to have been clear about that in the policy terms.

In the circumstances of this case I'm satisfied that Mrs and Mr T's costs were the total costs of the booking. I don't think IPA acted fairly in just paying a proportion of the claim. It should pay the remainder of the claim in line with the policy terms, conditions and limits, plus interest as I've detailed below.

The policy terms says there's a £5,000 benefit limit for claims made under the cancellation section but the policy also says, 'The table shows the maximum benefits you can claim for each insured person under each section'. As I understand both Mrs and Mr T were insured under the policy and the payment for the holiday was from their joint bank account each have the £5,000 benefit limit for the claim.

### **Putting things right**

IPA must pay the remainder of the claim in line with the remaining policy terms, conditions and limits, plus interest as I've detailed below.

### **My final decision**

I uphold this complaint.

I require Inter Partner Assistance SA to pay the remainder of the claim in line with the remaining policy terms, conditions and limits. Interest\* must be added at 8% simple a year from the date of the claim to the date of the settlement.

\*If Inter Partner Assistance SA considers that it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mrs and Mr T how much it's taken off. It should also give Mrs and Mr T a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T and Mr T to accept or reject my decision before 3 March 2023.

Nicola Sisk  
**Ombudsman**