

The complaint

Ms B complains about the way that AWP P&C SA has settled a claim she made on a travel insurance policy.

What happened

The circumstances of this complaint are well-known to both parties, so I haven't set them out in detail here. Instead, I've focused on what I consider to be the key issues.

Ms B was abroad in a country I'll call M. She was due to return to the UK in January 2022 via a country I'll call A. Part of Ms B's trip had been booked as a package.

Unfortunately, on 1 December 2021, Ms B's passport, credit cards and other items were stolen. While she was able to arrange a temporary passport, she couldn't arrange a visa she needed to travel through and via A in time, and neither could replacement credit cards be easily delivered to M. So Ms B decided to cut short her trip and returned to the UK on 20 December 2021. She made claims on her travel insurance policy for her stolen items and the curtailment of her trip.

AWP partly settled Ms B's claims. The theft claim was settled. AWP didn't think the curtailment claim was covered by the curtailment section of the policy. But it said that the personal effects section of the policy covered the cost of air tickets or other reasonable expenses incurred as a result of theft, up to a limit of £1500. So it assessed Ms B's claim under this section. And it paid Ms B a pro-rata amount of her lost package trip costs. It also went on to pay Ms B £302 for her return flight from M to the UK.

Ms B was unhappy with AWP's settlement of her claim, and the way it had handled it. She didn't think the pro-rata settlement had been calculated fairly. And her travel agent said it couldn't provide a breakdown of each component part of the package. Ms B provided evidence that she'd had other pre-paid costs outside of the package, which hadn't been considered, along with the cost of her return flight from one UK airport to a UK airport closer to her home. She asked us to look into her complaint.

Ultimately, our investigator recommended that Ms B's complaint should be partly upheld. She thought that AWP had calculated the pro-rata payment for the lost elements of Ms B's package trip fairly, based on the evidence it had. But she noted that AWP hadn't included the cost of the UK domestic return flight or assessed the costs of unused accommodation which appeared to have been booked outside of the package. So she recommended that AWP should reassess Ms B's claim, taking into account the evidence Ms B had provided and provide Ms B with a clear breakdown of any calculations. And she also thought that AWP should pay Ms B £200 compensation to recognise that there had been errors in the way it had handled her claim.

AWP didn't respond to the investigator's assessments and so 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, I think AWP needs to reassess Ms B's claim and I'll explain why.

It's important I explain that despite chases from our investigator, AWP hasn't provided us with a copy of its claims evidence, its claims rationale or any response to our investigator's assessments. So my decision has necessarily been made based on the evidence Ms B has provided.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So I've considered, amongst other things, the terms of Ms B's policy and the circumstances of her claim, to decide whether AWP treated her fairly.

It's clear that Ms B's passport and credit cards were stolen while she was abroad. This had a knock-on impact on her ability to continue with the trip she'd booked, especially as she no longer had a visa to enter A and wasn't able to obtain one in time. I don't doubt what a stressful and upsetting experience this must've been for Ms B and I entirely understand why she felt she had no choice but to return to the UK sooner than she'd planned.

As AWP explained, the curtailment section of the policy doesn't cover Ms B's situation. The terms of the insurance contract clearly sets out a specific list of insured events AWP has chosen to cover if a policyholder needs to cut short their trip. And Ms B's situation doesn't fall within that defined, specific list. This means I don't find it was unreasonable for AWP to conclude that Ms B's claim wasn't covered under the curtailment section of the contract.

However, section F – Personal Effects clearly states:

'What you are covered for

The insurer will pay for loss, theft or damage to:

Tickets up to £1,500

- *Air or other tickets including reasonable expenses incurred as a result of loss, theft or damage.'*

So I think it ought to have been clear to AWP from the start that Ms B likely had a valid claim under this section of the policy. And I think it was fair and reasonable for AWP to go on to effectively assess Ms B's curtailment claim under this section of the policy, in line with the applicable policy limits.

AWP calculated part of the settlement due by dividing the total cost of Ms B's package trip by the total number of booked days to work out a daily rate and then multiplied this rate by the number of lost days. That's because it didn't have evidence of the cost of the individual component parts of the package – and I appreciate the travel agent has confirmed that this is something it isn't able to provide. But in the absence of such evidence, I think AWP has used a fair and appropriate way to calculate the settlement due for the lost parts of Ms B's package holiday.

Additionally, AWP has also now settled the cost of Ms B's flight back from M to the UK. Again, I consider this was an appropriate response from AWP, which is in line with the policy

terms.

However, from the evidence Ms B has provided, it's clear that there are costs which AWP hasn't considered as part of its claim assessment. In particular, it hasn't considered the cost of the domestic flight between the UK airport and Ms B's 'home' airport. It has been sent evidence of the price of this flight and I think this is something it ought reasonably to consider. I say that because it formed part of Ms B's early, return journey.

And Ms B has also provided evidence of other costs, including accommodation costs, which were booked outside of the package and which she indicates were partly unused due to the theft. It isn't at all clear from the evidence I've seen that AWP ever considered these costs when it assessed and settled the claim. I find it must now assess these costs, in line with section F of the policy, to decide whether they are covered and if so, to what extent.

To be clear, I'm not directing AWP to settle any potential additional amounts. It's for AWP to now reassess Ms B's claim, in light of the further evidence she's provided, and consider whether any of the further costs she's claimed are covered by section F, in line with the policy limits. And it will be for Ms B to provide AWP with any reasonable, additional information it might request. AWP must provide Ms B with a clear breakdown of its calculations in a simple and easily understandable format. If, following such a reassessment of the claim, Ms B is unhappy with the outcome of it, she may be able to bring a new complaint to us about that issue alone.

Having reviewed the available evidence, I don't think AWP met its regulatory obligation to handle Ms B's claim promptly or that it treated Ms B fairly. I say that because, based on what I've seen, it seems that she experienced unnecessary delays in the handling of her claim; that communications went unanswered and that there were errors made in the calculations of part of her theft claim. I think this is likely to have caused Ms B material additional frustration and inconvenience, on top of the general inconvenience caused by the need to make a claim. So I think it's appropriate that AWP pays Ms B compensation to recognise the impact its handling of the claim had on her. And I agree that an award of £200 is fair to compensate Ms B for her trouble and upset.

My final decision

For the reasons I've given above, my final decision is that I uphold Ms B's complaint.

I direct AWP P&C SA to reconsider Ms B's claim, in light of the new evidence she's provided and in line with the terms and conditions of the policy and any applicable limits.

I also direct AWP to pay Ms B £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 17 February 2023.

Lisa Barham
Ombudsman