

The complaint

Mr S is unhappy that AWP P&C SA hasn't paid a claim made on his travel insurance policy in full – and the time taken to handle his claim.

What happened

Mr S has the benefit of a travel insurance policy as part of his bank account ('the policy').

The policy is underwritten by AWP. Mr S had booked and paid a deposit for accommodation abroad to celebrate a milestone birthday. Unfortunately, due to the Covid-19 pandemic, the booking was put back to a later date. Due to Mr S's health, the trip didn't go ahead, and the accommodation was cancelled and partially refunded.

Early in 2022, Mr S made a claim under the policy for the deposit he paid for the accommodation. AWP agreed to pay part of the claim towards the end of 2022. As the intention was to invite a number of family members to stay at the accommodation, it apportioned the cost of the deposit between the number of people the accommodation slept, and paid Mr S a monetary sum reflecting a portion of the deposit.

Mr S didn't think that was fair because he'd paid the deposit in full. Unhappy with AWP's decision - and the time taken to decide his claim - he complained to our service.

Our investigator upheld the complaint and recommended AWP pay Mr S £200 compensation for the way in which his claim was handled. She also recommended the claim be re-assessed and if accepted, the outstanding deposit should be paid (as an excess had already been deducted under the policy terms) and simple interest at a rate of 8% per annum should be paid on the outstanding amount.

AWP disagreed so the complaint was passed to me to decide. I asked our investigator to inform the parties that if I was minded to uphold the complaint, I would be directing AWP to pay the remainder of the deposit (rather than reassess the claim) together with interest.

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.

AWP has an obligation to handle claims promptly and fairly. And it mustn't unreasonably decline a claim.

The claim for deposit

The cancellation section of the policy reflects that the following is covered:

Your share of any unused non-refundable pre-booked travel and accommodation expenses which you have paid or are contracted to pay

AWP accepts that the trip abroad was cancelled for an insured event detailed in the terms of the policy. And as it's paid a proportion of the deposit paid by Mr S under the policy, and Mr S received a partial refund of what he paid for the accommodation, I think it's reasonable to assume that it's accepted that the accommodation wasn't used, and the deposit paid was non-refundable.

From what I've seen, I'm satisfied that Mr S paid for the deposit on his own credit card. He's said that he'd booked the accommodation abroad to celebrate a milestone birthday and the plan was to invite family members to join him; he would cover the accommodation costs and they would just need to pay for their flights. I find what he says to be plausible and persuasive. And in the absence of any compelling evidence to the contrary, I accept what he says about that.

So, in the circumstances of this complaint, I'm satisfied that Mr S's share of the deposit paid for the accommodation was the full amount paid, as he was not expecting any family members staying with him to contribute to the cost of the accommodation (or deposit) and there was no obligation on anyone to do so. If any family member decided to pay for their flight to join him, the cost of the accommodation would've been met by Mr S.

As the trip didn't go ahead, I'm satisfied that no-one else who may have joined Mr S on the trip is expected to contribute towards the deposit.

As such, I'm satisfied AWP hasn't acted fairly and reasonably by not paying Mr S the remainder of the deposit.

When making this finding, I've taken into account the points made by AWP including what it says about other travellers being able to claim on their travel insurance for the deposit and that they didn't have the benefit of this particular policy. However, I'm satisfied this wasn't a financial loss anyone else suffered apart from Mr S – or an expense they were responsible for paying.

The service received

AWP accepts that it took too long to handle Mr S's claim. I've seen evidence that Mr S was in regular contact with AWP about the progress of his claim and given that it took a number of months for his claim to be partially paid from the date on which he claimed under the policy, I can understand why he was asking for updates. I accept this would've caused him unnecessary inconvenience and the delays would've been frustrating. Given Mr S's personal circumstances at the time, I also think the service received by AWP would've unnecessarily caused him upset at an already difficult time.

AWP has offered £40 compensation in recognition of the service failures. However, I don't think this sum fairly reflects the distress and inconvenience he experienced. I think compensation in the sum £200 is a more reasonable reflection of this – which AWP has more recently agreed with.

Putting things right

I direct AWP to pay Mr S:

- the remainder of the claim (up the value of the limit under the cancellation section of the policy). It has already deducted one excess under policy terms so another excess shouldn't be made.
- simple interest of the outstanding deposit payment at a rate of 8% per annum from

the date on which the claim was made to the date on which the deposit is paid in full*.

- £200 compensation for distress and inconvenience (AWP can deduct the £40 compensation it offered Mr S if this has been paid to him).

*If AWP considers that it's required by HM Revenue and Customs to deduct income tax from that interest, it should tell Mr S how much it's taken off. It should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

I uphold Mr S's complaint and direct AWP P&C SA to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 May 2023.

David Curtis-Johnson
Ombudsman