

The complaint

Mr and Mrs S complain about the settlement that Inter Partner Assistance SA (IPA) has offered for a claim they made on a travel insurance policy.

What happened

The background to this complaint is well-known to both parties, so I'm simply setting out a brief summary of what I think are the key events.

In September 2021, Mr and Mrs S travelled abroad. They were due fly back to the UK on 20 September 2021. In line with Covid-19 rules at the time, Mr and Mrs S took Covid-19 tests a few days before they were due to travel home. Unfortunately, Mr S tested positive for the coronavirus and therefore, he and Mrs S were required to quarantine in their hotel. They were unable to return to the UK as planned. Mrs S tested positive for Covid-19 a short while later and therefore, Mr and Mrs S' period of quarantine was extended. They were able to fly back to the UK in early October 2021. They made a claim on their travel insurance policy for the costs they incurred – which included extended car parking and kennel costs.

There were some delays in IPA assessing the claim. Ultimately, it agreed to settle the majority of the claim, less the applicable policy excess. But it didn't agree to pay for either the extended car parking or kennel costs Mr and Mrs S had incurred as a result of their delayed return to the UK. That's because it said these costs weren't covered by the policy terms.

Mr and Mrs S were unhappy with IPA's handling of their claim and the settlement it had offered them. IPA acknowledged there'd been failings in the way it had handled the claim and so it offered to pay Mr and Mrs S a total of £400 compensation. But it maintained that the extended car parking and kennel costs weren't covered by the policy terms.

Remaining unhappy with IPA's position, Mr and Mrs S asked us to look into their complaint.

Two investigators looked into Mr and Mrs S' complaint. The first felt that as kennel and car parking costs weren't specifically excluded by the policy terms, IPA should meet those costs, together with interest.

However, the second investigator didn't think that IPA needed to pay anything more. She didn't think extended car parking or kennels costs were included in the list of things IPA covered. So she didn't think IPA needed to settle those parts of Mr and Mrs S' claim. She was also satisfied that IPA had offered Mr and Mrs S fair compensation for its service failings.

Mr and Mrs S disagreed. In summary, they felt IPA had agreed to cover the extended car parking costs during a conversation Mr S had had with a complaints handler in July 2022. They considered that the extended car parking costs were a legitimate charge to enable Mr and Mrs S to return to their home address. They also didn't think it was fair for IPA not to meet the kennel costs, when dog boarding is a legitimate part of holiday costs and the extended kennel stay had been a direct consequence of their illness.

The investigator asked IPA whether it had considered a curtailment claim for the lost days of Mr and Mrs S' holiday following Mr S' positive Covid-19 test and the direction to quarantine in their hotel room. IPA has now told us that it is prepared to increase its settlement offer to include curtailment benefit for Mr and Mrs S' lost holiday between 18 and 20 September 2021, together with interest at a rate of 8% simple.

Mr and Mrs S still have concerns about the way IPA has handled their claim – in particular, with delays in sending them information they'd asked for and errors in its communications with them.

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 that IPA has now made a fair offer of settlement and I'll explain why.

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 Mr and Mrs S' policy and the circumstances of their claim, to decide whether I think IPA treated them fairly.

I've first considered the policy terms and conditions, as these form the basis of Mr and Mrs S' contract with IPA. Mr and Mrs S were diagnosed with Covid-19 whilst they were abroad and they therefore incurred medical expenses and had to extend their trip. It appears to me that IPA initially considered their claim in line with Section B – Emergency medical and other expenses. This says that IPA:

'will pay you up to £20,000,000 for the following expenses which are medically necessary to treat a medical emergency either during a trip or for a one-way trip within the first 10 days of arriving at your final destination, as a result of you suffering unforeseen bodily injury, complication of pregnancy, illness, disease and/or compulsory quarantine:

1. *Emergency medical, surgical, hospital, ambulance and nursing fees and charges incurred outside of your home area.*
2. *Emergency dental treatment for the immediate relief of pain (to natural teeth only) up to a limit of £1,000 incurred outside of your home area.*
3. *If you die:*
 - a. *Outside your home area the reasonable additional cost of funeral expenses abroad, plus the reasonable cost of returning your ashes to your home, or the additional costs of returning your body to your home.*
 - b. *Within your home area the reasonable additional cost of returning your ashes or body to your home up to a maximum of £750.*
4. *Reasonable additional transport and/or accommodation expenses incurred, up to the standard of your original booking (for example full or half board, all inclusive, bed and breakfast, self catering or room only), if it is medically necessary for you to stay beyond your scheduled return date.*

This includes, with the prior authorisation of the Emergency Assistance Service, reasonable additional transport and/or accommodation expenses for a travelling companion, friend or close relative to stay with you or travel to you from the United Kingdom or escort you. Also additional travel expenses to return you to your home or a suitable hospital nearby if you cannot use the return ticket.
5. *With the prior authorisation of the Emergency Assistance Service, the additional costs incurred in the use of air transport or other suitable means, including qualified*

attendants, to repatriate you to your home if it is medically necessary. These expenses will be for the identical class of travel utilised on the outward journey unless the Emergency Assistance Service agree otherwise.'

In my view, IPA has clearly set out the medical and other expenses it provides cover for. This list doesn't include any additional car parking fees a policyholder may incur if they're delayed abroad. And neither does it include additional kennel costs a policyholder incurs if illness delays their return to the UK. While I entirely understand that Mr and Mrs S had no choice but to leave their pets in a kennel longer than they'd planned to, this simply isn't a cost IPA has chosen to cover. I appreciate Mr and Mrs S feel that the car parking fees were a legitimate cost to allow them to return home – and I accept that without payment of the extended car parking fee, they couldn't have driven their car out of the car park. But I don't think I could reasonably interpret car parking costs as an additional transport expense. In my view, such costs are costs such as replacement flight costs or flight amendment fees, rather than the costs of extending a place to store a car whilst a policyholder is away.

And IPA has also set out a list of things it specifically excludes from cover. The list includes the following: *'Any other loss, damage or additional expense following on from the event for which you are claiming, unless we provide cover under this insurance.'* I think the policy makes it sufficiently clear that IPA doesn't cover consequential losses. I consider that both the extended car parking and kennel fees can reasonably be treated as consequential losses.

I'm mindful that Mr S has maintained that IPA told him that the extended car parking fees would be covered. I've thought about this. But this conversation appears to have taken place some months after Mr and Mrs S had already paid the fees. This means the payment of those costs wasn't as a direct consequence of any misinformation by IPA. So even if IPA's complaints handler did wrongly tell Mr S that IPA would cover this cost; I don't think I could fairly find that Mr and Mrs S lost out financially as a result. And therefore, I don't think it would be fair or reasonable for me to direct IPA to pay the extended car parking costs on this basis when they're not otherwise covered.

As such, whilst I sympathise with Mr and Mrs S' position, I think it was fair for IPA to decline to cover both the extended car parking and kennel costs.

Since the complaint was referred for an ombudsman's decision, IPA has agreed to pay Mr and Mrs S curtailment benefit under Section A of the policy for the two lost days of their holiday, together with interest. That's because the policy definition of curtailment includes a policyholder's confinement to their room due to illness if they're quarantined for 48 hours or more. In this case, the evidence indicates that Mr S tested positive for Covid-19 two days before he and Mrs S were due to return to the UK and they were accordingly confined to their room following that test result. Following consideration of this point, IPA's claims team has now agreed to pay curtailment benefit for the period 18 until 20 September 2021. In my view, this is a fair and reasonable offer from IPA.

It's clear that IPA hasn't handled Mr and Mrs S' claim as promptly as it should've done. It seems that Mr and Mrs S have experienced a very frustrating claims journey, including delays in claims handling and in failures to provide them with information they've requested. I don't doubt this caused Mr and Mrs S unnecessary distress and inconvenience. IPA has offered to pay Mr and Mrs S a total of £400 compensation to reflect the impact of its claims handling on them. In my opinion, this is a fair and reasonable offer to reflect the time and trouble Mr and Mrs S were unnecessarily put to in their dealings with IPA. So I'm now directing IPA to pay this amount to Mr and Mrs S if it hasn't already done so.

My final decision

For the reasons I've given above, my final decision is that IPA has now made a fair and reasonable offer of settlement.

I direct Inter Partner Assistance SA to pay Mr and Mrs S curtailment benefit for the period 18 until September 2021. It must also add interest to this amount at an annual rate of 8% simple from the date of claim until the date of settlement. *

I also direct IPA to pay Mr and Mrs S £400 total compensation if it hasn't already done so.

*If IPA considers that it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mr and Mrs S how much it has taken off. It should also give Mr and Mrs S 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 Mr S and Mrs S to accept or reject my decision before 22 May 2023.

Lisa Barham
Ombudsman