

The complaint

Mr C and Mrs G complain that AWP P&C SA unfairly declined their travel insurance claim.

AWP is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agent. As AWP has accepted it is accountable for the actions of the agent, in my decision, any reference to AWP includes the actions of the agent.

Mr C and Mrs G are joint policy holders. As the claim relates to items belonging to Mrs G, I'll refer mainly to her in my decision.

What happened

In late 2021, Mrs G made a claim under her travel insurance policy with AWP after her luggage was stolen during a train journey abroad.

AWP declined the claim. It said the policy didn't provide cover for unattended personal possessions.

Mr C and Mrs G raised a complaint, but AWP maintained its position. So, they asked our service to consider the matter.

Our investigator thought the complaint should be upheld. He didn't think it was reasonable for AWP to decline the claim and he thought it had taken an unreasonably long time to deal with it.

The investigator recommended AWP settle the claim and pay 8% per annum simple interest on the settlement amount. He also recommended that AWP pay Mrs G £100 for distress and inconvenience.

AWP didn't respond to our investigator's outcome. So, the complaint has 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've reached broadly the same conclusions as our investigator. I'll explain why.

The relevant industry rules say an insurer should handle claims promptly and fairly. And it shouldn't unreasonably reject a claim.

The "*personal possessions*" section of the policy's terms and conditions says:

"WHAT YOU ARE COVERED FOR

Up to £1,750 in total for your personal possessions damaged, stolen, lost or destroyed on your journey.

The most we will pay for your valuables is £400 in total whether jointly owned or not. There is also a single article, pair or set limit of £300."

In declining the claim, AWP has relied on an exclusion in the policy's terms and conditions which says the policyholder is not covered for:

"Personal possessions unless they are on your person, locked in the accommodation you are using on your journey or they are out of sight in the locked boot or covered luggage area of a locked motor vehicle."

Mrs G says the stolen items were placed on a rack above her head on the train. She noticed they were missing when she arrived at her destination and believes someone must have quickly taken them during the last stretch of her journey.

Mrs G's bags weren't on her person or locked away. However, I don't think it was fair for AWP to have applied this exclusion under the circumstances. I think Mrs G took reasonable steps to look after her luggage, placing them in a position nearby where she might observe anyone who tried to take them. Given the size of the bags, it wouldn't have been practical for her to have placed them on her lap.

AWP appears to have declined Mrs G's claim based on a strict interpretation of the policy wording. However, I don't think it was fair or reasonable for it to have done so. So, I think AWP should settle the claim, in line with the remaining terms and conditions of the policy. It should also pay interest on the settlement amount to compensate her for being deprived of the money.

AWP has acknowledged a delay in dealing with Mrs G's claim, as well as her experiencing long wait times on the phone. It was also disappointing for Mrs G to have had her claim declined. So, I think it would be fair for AWP to pay Mrs G the £100 our investigator recommended for distress and inconvenience.

Putting things right

AWP should:

- Accept and settle the claim in line with the remaining terms and conditions of the policy.
- Add interest to the above at 8% simple per annum* calculated from one month after the date the claim was made (23 November 2021) to the date the settlement is paid.
- Pay Mrs G £100 for distress and inconvenience.

*HM Revenue & Customs requires AWP to deduct tax from this interest. AWP should give Mrs G a certificate showing how much tax it's deducted, if she asks for one.

My final decision

For the reasons I've explained, I uphold Mr C and Mrs G's complaint and direct AWP P&C SA to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs G to accept or reject my decision before 11 July 2023.

Anne Muscroft
Ombudsman