

The complaint

Mr and Mrs A complain because AWP P&C SA ('AWP') hasn't paid their travel insurance claim relating to a medical emergency while they were on holiday.

What happened

Mr and Mrs A held a travel insurance policy provided by AWP. Unfortunately, on the final day of their UK holiday, Mrs A became ill and was admitted to hospital.

Mr A travelled home as planned and notified AWP about the situation. Mrs A remained in hospital overnight and was collected by her and Mr A's daughter the following day, making a total round trip of over 800 miles. While enroute home, Mrs A was contacted by the hospital and told to return. Due to the distance Mrs A had already travelled at this point, she instead went to a local hospital where she was admitted for around seven weeks.

Mr and Mrs A made a claim with AWP for the travel costs incurred by their daughter, as well as for hospital benefit payment. Mr and Mrs A also complained about the level of assistance provided to them by AWP. When Mr and Mrs A received no response from AWP, they brought their complaint to the attention of our service.

In December 2022, AWP offered to pay £150 compensation for the level of customer service it had provided. But AWP still hasn't paid Mr and Mrs A's claim and hasn't explained why.

One of our investigators looked into what had happened and recommended that AWP should pay Mr and Mrs A's claim for travel costs. She also said AWP should pay Mrs A hospital benefit taking into account the duration of her entire hospital stay. Our investigator said she thought AWP's offer of £150 compensation was fair and reasonable for its delays in assessing Mr and Mrs A's claim.

AWP didn't respond to our investigator's opinion. Mr A said he was seeking additional compensation. As no resolution was reached, the complaint has been referred to me as the final stage in our process.

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.

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims promptly and fairly and shouldn't unreasonably reject a claim. The rules also say insurers must provide appropriate information to a policyholder on the progress of a claim. I've taken these rules into account when making my final decision and I don't think AWP handled Mr and Mrs A's claim in the way I'd have expected it to.

AWP never communicated with Mr and Mrs A about the outcome of their claim. AWP's claim notes indicate that AWP thought the claim wasn't covered because Mr and Mrs A were on a UK holiday when the medical emergency occurred. This isn't correct.

Mr and Mrs A's policy quite clearly covers reasonable extra transport costs of up to £1,500 which are medically necessary during UK journeys. This includes the costs of another person who stays or travels with the policyholder – which Mr and Mrs A's daughter did. I'm satisfied, based on the evidence I've seen, that the travel costs being claimed for were medically necessary. Mr A says all the relevant medical reports were sent to AWP and I've seen a completed consent form for the release of medical information dated August 2022. So, I'm satisfied that AWP has had a reasonable opportunity to carry out investigations into Mr and Mrs A's claim. And the travel costs being claimed for are, in my opinion, reasonable. I think the fair outcome in the circumstances is for this element of Mr and Mrs A's claim to now be paid, together with interest.

Mr and Mrs A's policy also quite clearly provides for the payment of a hospital benefit in the event of a hospital admission during a UK journey. So, AWP also has an obligation to pay this part of Mr and Mrs A's claim, together with interest. Like our investigator, I think it would be fair and reasonable in the circumstances for AWP to take the total duration of Mrs A's hospital stay into account when calculating this element of the claim settlement. I've seen medical evidence which shows Mrs A required further assessment and readmission to hospital and I'm satisfied that Mrs A would, were it not for the distance she'd already travelled when she was contacted by the original hospital, have been readmitted back to the same medical facility on the same day that she was discharged.

Turning to the level of compensation which I think is appropriate in this case, I have no doubt that Mr and Mrs A experienced annoyance and frustration because of how AWP handled the matter. I've considered the lack of advice and assistance provided to Mr A when he first contacted AWP about the claim, the lack of any correspondence from AWP about the outcome of Mr and Mrs A's claim and the length of AWP's delays. I also understand Mr A says he spent time on hold while trying to contact AWP on the telephone and didn't receive any meaningful responses from AWP to his emails. However, I have no power to seek to punish or fine a business through an award of compensation and, having taken into account all the circumstances of this case as well as our published guidance on compensation for distress and inconvenience, I'm satisfied that a payment of £150 fairly compensates Mr and Mrs A for the impact of AWP's actions on them.

Putting things right

AWP P&C SA needs to put things right and do the following:

- pay Mr and Mrs A's claim for travel costs and hospital benefit, subject to any applicable policy excesses and/or policy limits;
- add interest to the claim settlement at 8% simple per annum from the date the claim was notified to AWP until the date the settlement is paid¹;
- pay Mr and Mrs A £150 compensation for the distress and inconvenience they experienced.

AWP P&C SA must pay the compensation within 28 days of the date on which we tell it Mr and Mrs A accept my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

¹ If AWP P&C SA considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs A how much it has taken off. It should also give Mr and Mrs A a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold Mr and Mrs A's complaint and I direct AWP P&C SA to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs A to accept or reject my decision before 30 June 2023.

Leah Nagle
Ombudsman