

The complaint

Mr and Mrs B are unhappy with the way in which Inter Partner Assistance SA ('IPA') handed a claim made under their travel insurance policy ('the policy').

What happened

The policy was taken out by Mr and Mrs B to cover their holiday booked for September 2022. Whilst away, Mrs B became ill with a bacterial infection and a doctor was called.

Mr and Mrs B say Mrs B was confined to her hotel room for "just over 48 hours" because of illness.

They made a claim on the policy and IPA paid medical bills incurred by Mr and Mrs B and the cost of the holiday for two nights for both Mr and Mrs B (representing the time Mrs B was confined to the hotel room). From the total amount, IPA deducted the policy excess of £95.

After Mr and Mrs B said they were unhappy with the settlement amount, IPA agreed to pay £60 representing the amount Mr and Mrs B says they incurred buying food for Mrs B whilst she was confined to the hotel room.

Mr and Mrs B weren't sure whether the claim had been settled properly. They also raised concerns about the way in which their claim was handled by IPA. The claim was made in early October 2022, and it wasn't until Mr B contacted IPA around a month later that the claim was progressed. Although IPA said it had received Mr and Mrs B's claim form, it hadn't received the accompanying documents in support of their claim.

Mr and Mrs B are also unhappy with the service they received by IPA during calls. They say they were given conflicting information and didn't receive promised updates when contacting IPA about the status of their complaint.

IPA issued its final response in January 2023. It concluded that the claim had been settled fairly under the terms of the policy. However, it did accept there had been delays in assessing the claim and there were occasions when Mr B didn't receive call backs as promised. It offered Mr and Mrs B £100 compensation.

Unhappy, Mr and Mrs B complained to the Financial Ombudsman Service. Our investigator looked into what happened and partially upheld the complaint. She recommended IPA pay Mr and Mrs B the confinement benefit under the policy (with interest) and £150 compensation (in total) for distress and inconvenience.

Mr and Mrs B agreed with the outcome. IPA didn't. So, this complaint has been passed to me to consider everything afresh 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.

IPA has a regulatory obligation to handle claims promptly and fairly. And it must not unreasonably decline a claim.

The settlement of the claim

Subject to the remaining terms of the policy, section 1 of the terms and conditions of the policy (entitled 'cancelling or cutting short a trip') says IPA will pay "your proportion only of your unused travel and accommodation costs...if you have to cut short your trip" for stipulated reasons. One of those reasons is Mr and/or Mrs B becoming ill.

The definition of 'cut/cutting short' under the policy includes: "you...being confined to your accommodation due to personal quarantine on the orders of a medical practitioner...for 24 hours".

Although there's no evidence that Mrs B was confined to her room on the orders of a medical practitioner, IPA accepted what Mr and Mrs B told them; that Mrs B was confined to the hotel room for just over 48 hours due to a bacterial infection.

IPA has taken the total cost of the holiday and divided that by the number of nights Mr and Mrs B had booked for their holiday. That gives the cost of the holiday for one night for them both. It's then multiplied this by two to calculate the cost for two nights and used this figure as part of the settlement sum. I think that's fair and reasonable, given that Mr and Mrs B say that Mrs B was confined to her room for just over 48 hours.

Confinement benefit

Subject to the remaining terms of the policy, section 2 of the policy (entitled 'medical emergency and repatriation expenses') says IPA will pay: "£30 per day (up to a maximum of £300) for every complete 24 hour period you are...confined to your accommodation on the advice of a medical practitioner and £10 per day (up to maximum of £100) towards meal expenses for a nominated person who is staying or travelling with you".

I know IPA has agreed to pay £60 to Mr and Mrs B to represent the approximate amount spent on food for Mrs B whilst confined to the hotel room. I accept they did that without any documentary evidence. For example, receipts.

However, I don't think the policy is clear that the confinement benefit of £30 per day is paid to represent food costs of the policyholder who's ill and confined to their room. I'm satisfied that it's the benefit of £10 per day it pays to a nominated person travelling with the person who falls ill and is confined to their room that is paid towards meal expenses.

From what I've seen, I'm satisfied that the £60 already paid by IPA represents food costs for Mrs B, not Mr B.

So, I'm satisfied that it's reasonable for IPA to pay the following benefits to Mr and Mrs B representing two 24-hour periods when Mrs B was confined to the hotel room:

- £60 in respect of Mrs B (2 x £30); and
- £20 in respect of Mr B (2 x £10).

When making this finding, I've taken into account that Mrs B wasn't confined to the hotel room on the advice of a medical practitioner. However, IPA paid the curtailment claim, as set out above, without any advice of a medical practitioner. So, in the circumstances of this

case, I don't think it would be fair and reasonable to deprive Mr and Mrs B of the confinement benefit because there's no documentary evidence from the medical practitioner that Mrs B was required to stay in the hotel room.

The way in which the claim, and subsequent complaint about the claim, was handled

Mr and Mrs B are unhappy that IPA didn't receive the supporting documents attached to their claim form. Whether or not Mr and Mrs B didn't attach these properly or there was an issue IPA's end, ultimately IPA accept that it ought to have contacted Mr and Mrs B about this rather than only taking action after Mr and Mrs B contacted it around a month after the claim form had been submitted. IPA accepts this caused unnecessary delays.

Further, IPA accepts that after Mr and Mrs B raised a complaint about the way in which their claim had been handled and the settlement amount, there were calls where Mr B was promised call backs which he didn't receive. And this resulted in Mr B having to call back again.

I'm satisfied that Mr and Mrs B were made aware at the outset that it could take up to eight weeks (or 40 working days) for their complaint to be dealt with. That's the usual timeframe stipulated by the regulator, the Financial Conduct Authority. I'm satisfied Mr B was made aware of the timeframe in calls he made to IPA in November 2022.

When Mr B contacted IPA for updates and to ask questions, he was told on more than one occasion that he would receive a call back which didn't happen.

From listening to the calls, I'm satisfied Mr B was becoming increasingly upset and frustrated by being told he'd receive a call back, only to then have to call IPA again when this didn't happen. I don't think IPA has fully understood the impact this poor customer service had on him and Mrs B.

IPA has offered £100 compensation. But I don't think this fairly reflects the unnecessary distress and inconvenience experienced by Mr and Mrs B. I think £150 more fairly reflects this.

So, if it's already paid Mr and Mrs B the £100 compensation offered in its final response letter, I'm satisfied IPA should pay them an additional £50 compensation.

Putting things right

Within 21 days from the date the Financial Ombudsman Service notifies IPA that Mr and Mrs B accept this final decision, I direct IPA to pay them:

- A. £80 to represent the confinement benefit due to Mr and Mrs B under the terms of the policy;
- B. £150 as compensation for distress and inconvenience (less £100 compensation it agreed to pay in its final response, if this has already been paid by IPA);
- C. simple interest on the amount in A. above at a rate of 8% per year from the date on which the claim was accepted to the date on which payment is made.

If IPA considers it's required by HM Revenue & Customs to take off income tax from any interest paid in respect of C above, it should tell Mr and Mrs B how much it's taken off. It should also give them a certificate showing this if they ask for one. That way Mr and Mrs B can reclaim the tax from HM Revenue & Customs, if appropriate.

My final decision

I partially uphold this complaint and direct Inter Partner Assistance SA to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 8 November 2023.

David Curtis-Johnson
Ombudsman