

The complaint

Mr and Mrs P are unhappy with Admiral Insurance (Gibraltar) Limited's decision to withdraw cover on their policy.

What happened

Mr and Mrs P had a joint annual travel insurance policy underwritten by Admiral Insurance Gibraltar Limited (Admiral). They booked a trip away but sadly Mr P was admitted to hospital shortly before their holiday. He was advised that it was still medically safe for him to travel but there would be a follow up investigation.

As per the policy terms, Mr and Mrs P informed Admiral about the hospital visit before they started the trip. This resulted in their policy being cancelled due to the change in Mr P's health. Admiral said they were unable to cover customers on a waiting list for treatment or investigations.

Mr and Mrs P didn't think this was fair. They're unhappy Admiral didn't apply an exclusion to their policy instead of withdrawing cover altogether. And that Admiral didn't provide alternative cover for Mrs P.

Our investigator looked into what had happened and said she thought it was fair Admiral withdrew cover in the circumstances. She said Admiral had provided evidence to show it wouldn't have been able to provide the policy with an exclusion applied and she could see they gave Mr and Mrs P the option to put in a cancellation claim and provided assistance to help them find alternative cover.

Mr and Mrs P disagreed. In summary they said:

- No other insurer would provide cover for Mr P whilst his medical investigation was pending
- Why couldn't cover for Mrs P continue?
- A cancellation claim wasn't viable as there weren't any restrictions on their ability to travel

So the case was passed to me to decide. In August 2023 I issued my provisional findings to both parties, explaining that I was intending on upholding this complaint. In summary I said:

The relevant rules and industry guidelines say Admiral has a responsibility to handle claims promptly and fairly. And they shouldn't reject a claim unreasonably.

Admiral explained to Mr and Mrs P that if a member has received an official diagnosis, the underwriting team can review things to decide if they would agree cover. But whilst a condition is still under investigation, cover is automatically declined. And Admiral has provided evidence from the underwriting team to show this. As our investigator has

explained, this isn't unusual as the insurer is unable to assess what additional potential risk the change in health may cause. So I don't think Admiral were unfair to withdraw cover for Mr P.

Admiral provided assistance to help Mr P find alternative cover, but he was unable to obtain cover elsewhere during the investigation period. I understand this must've been frustrating and disappointing, especially so soon before travelling, but this isn't something I can fairly hold Admiral responsible for. I'm satisfied they told Mr P as quickly as possible they could no longer provide cover for him and offered a reasonable amount of assistance to help him look at other options.

Mr P requested that his policy continue without medical cover benefit. Admiral said they package their travel insurance as one whole product, so a policy without medical cover isn't something they offer. They also explained they're unable to exclude or tailor cover once the policy has been accepted. I think that is fair.

Mr and Mrs P have questioned why Mrs P's cover couldn't continue under the policy. Admiral said they wouldn't have been able to amend the existing policy and remove Mr P so cover could continue on a single person basis for just Mrs P. I don't think that's unreasonable.

In their complaint response Admiral reiterated the above and explained the only option would have been to setup a new policy under Mrs P's name. However, I can't see that they were given that option at the time. I appreciate it may not have been their usual practice to offer Mrs P her own policy, but in the circumstances – particularly that they were due to travel so soon, I think it would have been reasonable to provide this option so Mr and Mrs P could decide if that was something they wanted to take forward.

I can also see Mr P continued to raise that they weren't offered a single policy for Mrs P as part of their complaint, but it doesn't appear to have been addressed by Admiral, which I've no doubt also caused frustration. So I think it's fair for Admiral to pay £150 to compensate Mr and Mrs P for the stress and inconvenience the failure to offer this option caused.

Mr P also raised concerns regarding the cancellation criteria for a successful claim. I'm satisfied Admiral advised him to contact the claims department so they could consider a refund on what they'd paid so far, but I understand Mr and Mrs P wanted to continue with their trip. So I don't think Admiral treated them unfairly here.

In conclusion, I said I think Admiral should pay Mr and Mrs P £150 compensation for the inconvenience caused by their failure to offer the option of a new policy solely for Mrs P in the circumstances. And the additional stress caused by their failure to address this complaint point.

Neither party responded to my provisional decision.

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.

As neither party responded to the outcome set out in my provisional decision, I see no reason for me to reach a different conclusion.

Putting things right

I direct Admiral Insurance (Gibraltar) Limited to put things right by:

Paying Mr and Mrs P £150 compensation for the inconvenience caused by their failure to offer the option of a new policy solely for Mrs P in the circumstances. And the additional stress caused by their failure to address this complaint point.

My final decision

For the reasons set out here and in my provisional decision, I uphold this complaint and direct Admiral Insurance (Gibraltar) Limited to put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 27 October 2023.

Georgina Gill
Ombudsman