

The complaint

Mr G and Ms N were unhappy with how Chaucer Insurance Company Designed Activity Company (Chaucer) handled a claim they made under the travel insurance policy.

What happened

Mr G and Ms N held a worldwide annual multi-trip travel insurance policy, with Chaucer being the insurer. The policy started on 19 April 2022 and ended on 18 April 2023. The policy covered various pre-departure and post-departure risks.

During this time Mr G and Ms N went on holiday abroad. They were due to fly home on 20 June 2022, but they unfortunately couldn't return to the UK on this date as planned. This was because they'd contracted Covid-19 and weren't considered fit to fly until they received negative Covid-19 test results.

As Mr G and Ms N couldn't return home as planned, they needed to extend their stay in their hotel. Mr G and Ms N contacted their travel insurer, Chaucer, in relation to this, and the need to rearrange their flights home.

Mr G and Ms N said that they asked Chaucer about the additional hotel bill they were incurring. And were told by Chaucer that it would settle the bill directly with the hotel. So, when they were well again, and on reliance of this information, Mr G and Ms N left the hotel and returned home without paying the additional seven-night stay. However, on getting home Chaucer told Mr G and Ms N that it hadn't been able to settle the hotel bill directly, because of payment restrictions.

Mr G and Ms N were unhappy with this. They said they'd been treated very well by the hotel and communicated to Chaucer the importance of the hotel being paid. Chaucer maintained its position that it couldn't pay the hotel and suggested that Mr G and Miss N pay the hotel bill themselves, and then seek reimbursement through their policy.

Mr G and Miss N didn't consider this to be fair and felt that Chaucer had an obligation to pay the hotel directly. And explained they had also experienced communication problems with Chaucer. As they were unhappy, they raised a complaint about the matter.

Chaucer responded to Mr G and Ms N's complaint. In terms of the hotel bill, Chaucer said it had tried to pay the bill directly, including through a local agent, as well as an agent in a third-party country. But this had proved unsuccessful, due to sanctions in the country the holiday had been in. Chaucer said it hadn't been aware there would have been issues paying the hotel until they arose – so didn't think it had done anything wrong in this regard.

However, Chaucer did acknowledge there had been some communication problems experienced by Mr G and Ms N. It said it had overlooked an email whilst Mr G and Ms N were abroad, asking to be contacted via their hotel. It apologised for the communication issues Mr G and Ms N had experienced and offered £100 compensation to them for the distress and inconvenience they had experienced.

Mr G and Ms N remained dissatisfied with Chaucer's position on the matter, so referred their complaint to this service for an independent review.

Our investigator considered this complaint and didn't think it should be upheld. They said that Chaucer had acted fairly by attempting to pay the hotel bill directly, and in asking Mr G and Ms N to pay the bill directly, and seek reimbursement from it, when paying the hotel directly was unsuccessful. In terms of the £100 compensation offered, our investigator said they wouldn't comment on this, with it not being the crux of the complaint.

Mr G and Miss N didn't agree with our investigator's outcome on the hotel bill. They reiterated that Chaucer had said it would pay the hotel. And said they were concerned about the impact paying the hotel directly would have on them, giving sanctions Chaucer had mentioned.

As Mr G and Miss N didn't agree, this complaint has been referred to me to decide.

I issued a provisional decision on this complaint. In this I said:

"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 intend on requiring Chaucer to pay Mr G and Ms N £100 compensation in total. But I don't intend on requiring it to do anything more.

I appreciate this will be disappointing to Mr G and Ms N. But I've explained the reasoning for my intended decision below.

When considering complaints such as this, I need to consider the relevant law, rules and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly and fairly, and not unreasonably decline it. So, I've thought about whether Chaucer acted in line with these requirements, when it handled Mr G and Ms N's claim.

I've also reviewed Mr G and Ms N's policy, to see what cover this provides. On doing so, I can see that under "Section B1 – Medical and other expenses outside of the United Kingdom" it is explained that Chaucer will pay some costs, including any extra accommodation (room only) costs if a policyholder couldn't return to the UK as originally planned. This being because of testing positive for Covid-19 within 14 days of the booked return date, up to the relevant policy limit.

Given this, I'm aware there is cover under the policy for Mr G and Ms N's additional seven-night hotel stay. Chaucer isn't disputing the above cover. So, I haven't needed to consider this any further. Rather, this dispute is about the way in which the hotel costs are paid. I've therefore thought about whether Chaucer has acted fairly here.

And, having considered the information provided by both parties, I think it has. The policy doesn't detail how the hotel costs will be paid – whether directly to the hotel, or via Mr G and Ms N. And I'm aware travel insurance is to provide indemnity to the insured, for the covered losses they incur. So, it isn't unreasonable for Chaucer to require Mr G and Ms N to settle costs directly with the hotel, and then pay them back, on receipt of evidence.

Mr G and Ms N say that Chaucer told them otherwise though. And they acted in reliance of this. So, I've looked at what Mr G and Ms N were told, to see if Chaucer acted fairly here. I've done this by looking at the emails between the parties at the time, as well as Chaucer's internal claims notes.

On doing so, I think Chaucer acted fairly. It looked to accommodate Mr G and Ms N's preference to have the hotel paid directly. On 26 June 2022, I can see that Chaucer responded to Mr G and Ms N's questions about payment of the hotel bill. Chaucer said it would contact its agent to see if they could arrange to pay the bill directly. This was followed up with an email the following day, saying the agent had contacted the hotel to ask to arrange billing.

Although I can understand why Mr G and Ms N considered the bill would likely be paid directly by Chaucer, I've not seen any firm evidence that Chaucer confirmed it could definitely settle the bill in this way, before Mr G and Ms N left the hotel.

I understand Mr G and Ms N feel Chaucer didn't do enough to try and make the payment directly. But I don't agree. Chaucer has explained why it ended up not being able to make the payment directly – because of sanctions which meant it's banking chain couldn't make the payment. And Chaucer has also shown me that it attempted to seek alternative methods to make the payment, through other entities it had relationships with. Unfortunately, these entities couldn't make the payment either. But I'm satisfied Chaucer attempted to do what it could to pay the bill in the way Mr G and Ms N preferred.

As this wasn't possible, I do think it's fair for Chaucer to ask Mr G and Ms N to pay the costs they incurred and provide evidence of this so that Chaucer could reimburse Mr G and Ms N. This isn't an unusual or unreasonable method of settling a claim of this nature. Given this, I don't intend on finding Chaucer did anything wrong here.

Chaucer has however accepted that it did make some errors in the way it communicated with Mr G and Ms N. And I agree. Whilst I can see that Chaucer did make some attempts to stay in touch with Mr G and Ms N, on 24 June 2022, Mr G and Ms N did explain they needed Chaucer to contact their hotel room, rather than their mobile phone or email – given issues such as poor Wifi. But Chaucer didn't use this preferred communication method when it should have.

I can appreciate how this would have been distressing and inconvenient for Mr G and Ms N. I do however think the £100 compensation Chaucer has offered is a fair and reasonable way to recognise the upset caused to Mr G and Ms N, at a time when they were already poorly, and struggling with Wifi. So, I intend on requiring Chaucer to pay this to Mr G and Ms N, if it hasn't done so already."

Chaucer responded to my provisional decision, and noted it had nothing further to add. Mr G and Ms N didn't respond.

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 decided Chaucer should pay £100 compensation to Mr G and Ms N. But I don't require it to do anything more.

There hasn't been any further comments or evidence from either party, to alter my findings on this complaint, or the reasoning for it. And so, my decision remains the same as that in my provisional decision, and for the same reasons.

My final decision

Given the above, my final decision is that I require Chaucer Insurance Company Designed Activity Company to pay Mr G and Ms N £100 compensation in total if it hasn't already done so. I don't require it to do anything more than this.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Ms N to accept or reject my decision before 16 October 2023.

Rachel Woods
Ombudsman