

The complaint

Mr H and Miss S complain because Admiral Insurance (Gibraltar) Limited didn't pay Miss S's claim for lost or stolen personal belongings under a travel insurance policy.

What happened

Mr H and Miss S were insured under a travel insurance policy provided by Admiral.

In May 2023, Miss S's baggage went missing while she was on holiday abroad. She made a claim under her policy with Admiral. Admiral declined the claim in August 2023.

Miss S complained but Admiral maintained its position that the claim wasn't covered. Admiral said this was because Miss S had left her baggage unattended. Admiral paid Miss S £100 compensation for the time taken to make and communicate a decision about her claim.

Unhappy, Miss S brought the matter to the attention of our service.

Admiral subsequently offered to reassess Miss S's claim, subject to the provision of any further reasonable evidence which it may require. Admiral also offered to pay Miss S an additional payment of £150 compensation for its decision to decline her claim. Admiral later increased this offer to £200 compensation.

One of our investigators looked into what had happened and said he thought Admiral's offer was fair and reasonable in the circumstances. Miss S didn't agree with our investigator's opinion, so 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 say that insurers must handle claims promptly and fairly and shouldn't unreasonably reject a claim. I've taken these rules into account when making my final decision about Miss S's complaint.

I don't think it was fair or reasonable in the circumstances for Admiral to consider Miss S's belongings as having been left unattended. I'm pleased to see that Admiral has now offered to reassess Miss S's claim, subject to the provision of any reasonable evidence which Admiral may require in line with the remaining terms and conditions of the policy. If there's any subsequent dispute between Miss S and Admiral about what constitutes reasonable evidence and/or the amount of any claim payment due to Miss S then this would need to be the subject of a separate complaint.

Admiral has now offered to pay Miss S £200 compensation for the inconvenience caused by its decision to decline her claim. This is in addition to the £100 compensation which Admiral has already paid to Miss S for its delays. I've assessed the overall total offer of £300 compensation as a whole, in line with my remit, to decide whether I think it's fair and reasonable in the circumstances.

I understand Miss S says her holiday was ruined when her baggage went missing, and I have no doubt that this will have been inconvenient. However, experiencing an incident like this while on holiday abroad is unavoidably stressful and Admiral isn't responsible for the impact of the situation on Miss S's holiday.

It inevitably takes some time for a claim under an insurance policy to be investigated. However, Admiral has acknowledged that it took longer to make a decision about the claim than was reasonable. Admiral has also acknowledged that its initial decision to decline Miss S's claim was unreasonable in the circumstances.

It's for our service to determine what evidence is necessary to investigate a complaint. I haven't requested copies of the telephone recordings which Miss S has referred to because I don't think it's necessary to do so - I fully accept what Miss S says about being given unhelpful advice on the telephone by Admiral in connection with her claim.

But I can only award compensation to Miss S for the impact of Admiral's errors on her, and I have no power to seek to punish Admiral through a compensation award for any incorrect or inappropriate advice given on the telephone. The award of £500 compensation which Miss S is seeking simply isn't an amount which I'd consider fair and reasonable for the impact of errors of this nature.

Having taken into account our published guidance on the payment of compensation for distress and inconvenience and the timeframe involved in this case, as well as the financial impact of the delay in any claim payment which Miss S may be entitled to being made to her, I'm satisfied that Admiral's offer of a total of £300 compensation is fair and reasonable in the circumstances.

Putting things right

Admiral Insurance (Gibraltar) Limited must put things right and do the following:

- reassess Miss S's claim, subject to any reasonable additional evidence which Admiral may require, in line with the remaining terms and conditions of the policy;
- pay Miss S £200 compensation for the distress and inconvenience she experienced. This is in addition to the £100 compensation which has already been paid.

Admiral Insurance (Gibraltar) Limited must pay the outstanding compensation within 28 days of the date on which we tell it Mr H and Miss S accept my final decision. If it pays later than this it must also pay interest on the outstanding compensation from the deadline date for settlement to the date of payment at 8% simple per annum

My final decision

I'm upholding Mr H and Miss S's complaint against Admiral Insurance (Gibraltar) Limited, and I direct it 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 H and Miss S to accept or reject my decision before 21 November 2023.

Leah Nagle
Ombudsman