

The complaint

Mr A and Ms A complain about how AWP P&C SA handled their travel insurance claim and its poor service. My references to AWP include its agents.

What happened

Mr A and Ms A had travel insurance through a bank account. AWP is the insurer. They had to cancel their holiday due to Mr A being unwell. On 5 January 2023 they made a claim on their insurance. Mr A and Ms A say they provided all the documents AWP requested including a GP's letter confirming Mr A's hospital admission and a cancellation invoice.

On 9 January 2023 AWP wrote to Mr A and Ms A saying they would receive payment of £6,377 to settle their travel claim within 5 to 10 working days. That time passed without Mr A and Ms A receiving payment so on 24 January they emailed AWP asking when payment would be made.

On 27 January AWP emailed saying it needed a medical certificate completed by Mr A's GP and the original booking invoice for the trip before it was able to authorise payment in full. Further communication from AWP told Mr A and Ms A that its 9 January letter hadn't been checked by a senior member of its staff and was sent in error.

On 13 February 2023 Mr A and Ms A complained to AWP. They chased for a response several times. On 4 May 2023 AWP responded and apologised for its error but said it still needed the further information to assess the claim.

Mr A and Ms A complained to us. In summary they said:

- AWP should pay their travel claim without the additional information as AWP said in writing that it would pay and the letter should be binding.
- If AWP had requested the further information it wanted before the letter saying it would pay they would have sent the information. But now they shouldn't have to go out of their way, contacting Mr A's GP and waiting weeks for the response, because AWP made a mistake with its own internal procedures.
- AWP didn't respond to their complaint within 8 weeks as required, it took 11 weeks despite them chasing, which was unprofessional and poor service.
- They want compensation for their stress, inconvenience and wasted time AWP's error has caused. Also they'd booked a holiday expecting to receive the claim money which they wouldn't have done if they'd known AWP wasn't going to pay. They were now £6,377 worse off which has caused them to struggle financially.

Our investigator recommended AWP should pay Mr A and Ms A £150 compensation to recognise the inconvenience and upset the error and poor service had caused. But she said if Mr A and Ms A wanted to pursue their claim they would need to provide the outstanding documents to AWP to assess so it could decide the claim.

AWP accepted our investigator's recommendation. Mr A and Ms A disagree and want an ombudsman's decision. They said the fact that AWP had put in writing that it would pay the claim had been overlooked.

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.

I've considered all the points Mr A and Ms A have made but I won't address all their points in my findings. I'll focus on the reasons why I've made my decision and the key points which I think are relevant to the outcome of this complaint.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And they mustn't turn down claims unreasonably.

As I don't think AWP has to pay the claim on the current evidence it has but does have to pay Mr A and Ms A compensation I partly uphold this complaint. I'll explain why.

AWP made a mistake, due to its internal error, when it sent its 9 January letter to Mr A and Ms A saying it would pay the claim when it didn't have all information it needed to assess the claim. AWP apologised for the error but I understand Mr A and Ms A feel very strongly that AWP should pay the claim because it said it would.

However, I don't think it would provide a fair and reasonable outcome to both parties if I said that AWP must pay the claim without being able to assess the outstanding information because in error it sent a letter saying it would make payment.

It's the responsibility of Mr A and Ms A to show they have a valid claim. The policy says that in making a claim Mr A and Ms A need to provide '*As much evidence as possible to support your claim*' and AWP is entitled to ask for information it needs to validate a claim.

I think AWP reasonably want to see an original booking invoice for the cancelled holiday and in particular a completed medical certificate from the GP as the cancellation claim was caused by a medical issue. So if Mr A and Ms A want to pursue their claim they will need to provide the outstanding information for AWP to assess.

I think a fair and reasonable outcome to both parties is for AWP to pay compensation to Mr A and Ms A to acknowledge their upset, stress and inconvenience its error has caused. And it's clear from Mr A and Ms A's emails to AWP that its slow response to their complaint added to their stress about the whole claim situation and poor service by AWP.

I can see Mr A and Ms A booked a trip after AWP told them it would pay the settlement and before it told them that was a mistake and it needed more information. But at this point I can't fairly say that the trip's costs should form part of my considerations for a compensation award because it may be that once AWP receive and assess the outstanding information it will pay the claim.

So I make no finding in this decision as to whether AWP's error reasonably caused Mr A and Ms A financial loss. If on assessment of the outstanding information AWP does decline the claim Mr A and Ms A may want to complain to AWP and ultimately to us on that issue.

On the evidence I have I think the £150 compensation our investigator recommended is a reasonable amount for Mr A and Ms A's distress and inconvenience caused by AWP's error and poor service. AWP has agreed to pay that amount.

Putting things right

On the evidence I have AWP must pay Mr A and Ms A £150 compensation for their distress and inconvenience caused by its error and poor service. I make no finding in this decision as to whether AWP's error reasonably caused Mr A and Ms A financial loss for the reasons I've detailed above.

My final decision

I partly uphold this complaint.

I require AWP P&C SA to pay Mr A and Ms A £150 compensation for their distress and inconvenience caused by its error and poor service, as it's now agreed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Ms A to accept or reject my decision before 24 November 2023.

Nicola Sisk
Ombudsman