

## **The complaint**

Mr and Mrs B are unhappy that Euroins AD didn't offer a refund of the premium they'd paid for a travel insurance policy after Mrs B contacted it to declare a new medical condition.

## **What happened**

In September 2022, Mr and Mrs B took out a single trip travel insurance policy for them and their son to cover a two-week holiday starting July 2023 ('the policy').

Towards the end of 2022, Mrs B was diagnosed with hypertension/high blood pressure. She contacted Euroins to declare this as she wanted to ensure she was covered for anything related to this medical condition whilst she was away.

Mrs B was told that Euroins was unable to amend the policy. And she could either go ahead with the holiday knowing that she wouldn't be covered for any claim relating to hypertension/high blood pressure or take out another travel insurance policy to cover this condition. No refund would be given for the policy she and Mr B had bought although Euroins did offer a 20% discount if Mr and Mrs B took out a new policy with it.

Mr and Mrs B didn't think this was fair so complained to Euroins. And when they didn't get a substantive reply to their complaint, they referred their complaint to the Financial Ombudsman Service.

Our investigator looked into what happened and upheld Mr and Mrs B's complaint. He recommended Euroins to reimburse the premium Mr and Mrs B paid for the policy and pay £100 compensation for distress and inconvenience.

Euroins didn't agree. So, this complaint was passed to me to consider everything afresh and decide.

I issued my provisional decision earlier in October 2023, explaining in a bit more detail why I intended to uphold this complaint. An extract of which is set out below.

.....

Euroins has a regulatory obligation to treat customers fairly.

I intend to uphold this complaint for the reasons set out below.

- The cancellation section of the policy says claims arising directly or indirectly from pre-existing medical conditions aren't covered. The emergency medical and repatriation expenses and hospital benefit sections of the policy also exclude claims arising directly or indirectly from any pre-existing medical conditions. There's also a general exclusion in the policy terms, excluding all pre-existing medical conditions.
- Importantly in this case, Euroins has confirmed that whether Mrs B had hypertension/blood pressure before she took out the policy or before she went on her trip,

the policy wouldn't cover any pre-existing medical conditions regardless of when they occurred.

- I'm satisfied that means if Mr and Mrs B had to cancel their holiday because of illness – so long as the illness didn't relate to a pre-existing medical condition in place at the time the policy was taken out – they would have been covered (subject to the remaining terms of the policy).
- However, if Mr and Mrs B or their son developed a medical condition between taking out the policy and going on holiday, and they needed medical attention for something relating to that newly developed condition, this wouldn't have been covered under the policy. And even if Mr and Mrs B contacted Euroins (as Mrs B did in this case) to make it aware of a new medical condition/change in health after buying the policy, there are no circumstances in which the medical condition could be added to the policy as being covered.
- I'm satisfied that's a significant restriction and unusual in single trip travel insurance policies. So, I'm satisfied it should have clearly been brought to Mr and Mrs B's attention in the policy terms. I'm not persuaded it was.
- The policy terms confirm that the period of insurance for all sections of the policy (except cancellation) commences when "you leave home...to start your trip and ends when you have returned to your home... Cancellation cover for a Single Trip policy starts when you purchase this insurance or when you book your trip, whichever is later". But I'm satisfied that the policy terms don't clearly set out that the policy doesn't cover any pre-existing medical conditions, even if those conditions develop after the policy was bought was before the holiday starts. It's also not made clear that there's no option to pay an additional premium for new conditions which develop after the policy was taken out. And the way in which pre-existing medical condition is defined doesn't make this clear either.
- Although the Insurance Product Information Document ('IPID') isn't part of the insurance contract between Euroins and Mr and Mrs B, its purpose is to provide a clear and accurate summary of the main terms of the policy including what it does and doesn't cover. Under the heading 'What is not insured?' on page 1 of the IPID, it says: "pre-existing medical conditions which you have not declared fully to us and accepted by us for cover in writing, for yourself and/or for your non-travelling immediate relative and/or travelling companion". I'm satisfied this gives the impression (unfairly so) that pre-existing medical conditions may be covered if declared (so long as accepted by Euroins in writing).
- So, even if Mr and Mrs B had cross-referred to different sections of the policy terms, the IPID and schedule of insurance which sets out the policy issue date and policy start date, I don't think it was clearly highlighted (or easily understandable from the policy documents) that the only way they'd ever be covered for emergency medical treatment abroad, repatriation costs or the hospital benefit in connection with a medical condition which developed between buying the policy and going on holiday, would be to buy another, separate, travel insurance policy. I also don't think it was clear that there was no option to pay an additional premium to obtain cover for any new condition.
- I think a reasonable consumer would expect an exclusion like this to be brought to their attention in a more prominent and transparent way. Overall, I think the way the documents were presented means the combined effect of the policy wasn't clear to

Mr and Mrs B.

- I think it's unlikely that Mr and Mrs B would have bought the policy if they'd realised the only way they'd be covered for emergency medical treatment abroad, repatriation costs or the hospital benefit in connection with a medical condition which developed between buying the policy and going on holiday, would be to buy a another new travel insurance policy whilst retaining the policy they'd bought. I think it's more likely Mr and Mrs B would have selected a policy where they could attempt to pay an additional premium for new conditions they developed before travel.
- There was around ten months between Mr and Mrs B buying the policy and their holiday starting. It's possible that they or their son would've developed a medical condition in this time that they'd want cover for if travelling abroad. Further, when considering whether to take out another travel insurance policy with Euroins to cover the same trip but with cover for Mrs B's hypertension, Mrs B says she ultimately chose not to. That's because if she, Mr B or their son developed another medical condition between early 2023 and going on holiday, that condition wouldn't have been covered under the policy after their trip had started and they may have needed to buy a third policy. I accept what she says about that.
- Although the policy terms say that there's no refund of the premium if the policy is cancelled after the 14-day cooling off period, I think it's fair and reasonable in the circumstances of this case for Euroins to refund the premium paid for the policy to Mr and Mrs B as I don't think they would have bought the policy. I'm persuaded there were other travel insurance policies available for a similar price which would've allowed Mr and Mrs B to declare a change in health after the policy started and potentially cover medical conditions which developed after the policy was taken out, either at no extra cost or for an increased premium. I think it's most likely they would've opted to buy a different policy.
- I'm satisfied that Mr and Mrs B went to the unnecessary inconvenience of having to buy a new single trip travel insurance policy with a different insurer to cover their holiday in July 2023. And they would've been upset and frustrated that Euroins didn't provide a substantive response to their complaint, and they had to spend time chasing for a response. All the while, they didn't know whether Euroins was going to change its position or whether they needed to get insurance elsewhere before their holiday.

.....

I invited both parties to provide further information in response to my provisional decision.

Mr and Mrs B said they had nothing more to add. Euroins replied, disagreeing with my provisional decision. In summary it said:

- the policy was purchased via a price comparison website without advice.
- even if Mr and Mrs B didn't have a pre-existing medical condition at the time of buying the policy, they opted for cover which didn't include cover for pre-existing medical conditions. So, when Mrs B met the criteria of having a pre-existing medical condition during the term of the policy, there was no provision within the policy to add a condition, because pre-existing medical conditions are excluded from cover.
- the exclusion of no cover for pre-existing medical conditions was clearly set out in the policy terms and conditions.

- Mr and Mrs B were offered an alternative policy, which would allow the declaration of pre-existing medical conditions because the insurer offered two different types of policy; one that had no cover for pre-existing medical conditions; and one that would allow (subject to acceptance) the declaration of pre-existing medical conditions to be declared. Had Mr and Mrs B accepted the alternative policy offered, they could have made a new declaration up to the intended departure date.
- as there's no provision for a refund outside the cooling off period, to mitigate any customer detriment, Mr and Mrs B were initially offered a 20% discount on an appropriate alternative policy. And subsequently, they were a full refund, provided the appropriate cover was taken out with the same insurer. Mr and Mrs B declined both offers.
- the policy chosen by the customer had no provision to include cover for any pre-existing medical condition, regardless of whether this existed at the point of sale or became so during the term of the policy.

### **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 considered the further points put forward by Euroins, they don't change my mind. That's because:

- for reasons clearly set out in my provisional decision, I'm not persuaded it was clear from the IPID (setting out a summary of the main terms of the policy) and terms and conditions of the policy that Mr and Mrs B wouldn't be covered, if they went on holiday, and needed to make a claim in relation to any medical issues which arose after the policy was taken out and before they travelled. That's a significant and unusual restriction, which I'm satisfied should've been clearly set out in the policy terms.
- the contact notes I've been provided with don't reflect Mr and Mrs B were specifically told by Euroins when declaring a change in health which developed after the policy was issued (but before the holiday began) that it could offer them a policy which covers any other health changes which occur between taking the new policy out and travelling abroad. So, I can understand why Mr and Mrs B were worried that they might be in a similar position if they bought another policy with Euroins.

For these reasons and for reasons already set out in my provisional decision (an extract of which is set out above and forms part of my final decision), I uphold Mr and Mrs B's complaint.

### **Putting things right**

I direct Euroins to:

- reimburse Mr and Mrs B for the premium they paid for the policy; and
- pay Mr and Mrs B £100 compensation for distress and inconvenience.

### **My final decision**

I uphold this complaint and direct Euroins AD 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 28 November 2023.

David Curtis-Johnson  
**Ombudsman**