

## **The complaint**

Miss P and Mr S complain about the settlement they've been paid by AWP P&C SA for a claim they made on a travel insurance policy.

## **What happened**

The background to this complaint is well-known to both parties, so I've simply set out a summary of what I think are the key events.

Miss P and Mr S have travel insurance as a benefit of a packaged bank account. In early January 2023, Miss P, Mr S and their baby, Miss S, were abroad. They were part-way through their return journey to the UK when, unfortunately, Miss S became very ill. Miss S was initially diagnosed with Covid-19 and she later developed an ear infection. So Miss S was certified as not fit to fly. Therefore, Miss P and Mr S had to extend their trip abroad between Miss S' medical appointments and while Miss S recovered in a hotel. They were able to recommence travel on 15 January 2023.

While they were abroad, Miss P and Mr S had contacted AWP's medical assistance company which told them to pay their costs upfront and to claim them back. So following their return to the UK, Miss P and Mr S made a claim on their travel insurance policy for the costs of their hotel accommodation; new flights, medical expenses, food and taxi costs.

AWP took some months to consider the claim and so Miss P and Mr S made a complaint. AWP issued its final response to the complaint in April 2023. It explained that the claim was being reviewed urgently and it offered Miss P and Mr S £100 compensation for the delays they'd experienced. It went on to ask Miss P and Mr S for some more evidence, which Mr S promptly provided.

In mid-June 2023, AWP settled Miss P and Mr S' claim. It covered the full medical expenses and it paid medical confinement benefit for the period Miss S had had to be confined to the hotel. It paid two thirds of the costs for the additional accommodation and flight expenses. That's because it said the policy only covered the cost of one person remaining with Miss S while she was unwell. AWP declined to settle the taxi or food costs, because it said these weren't covered by the policy terms.

Miss P and Mr S were unhappy both the way AWP had handled the claim and with the settlement it had paid them. So they asked us to consider both complaint points.

Our investigator thought Miss P and Mr S' complaint should be upheld. He acknowledged that, strictly, the policy only provided cover for the additional accommodation and travel costs of one person to remain abroad with an ill or injured policyholder. However, he noted that the price of a room in the hotel Miss P and Mr S had stayed in was the same irrespective of whether one or two adults had remained with Miss S. And he felt, given Miss S' age and the nature of her illness, in these particular circumstances, it would be fair and reasonable for AWP to cover the costs of both Miss P and Mr S remaining with Miss S, together with interest on the additional settlement amount. The investigator didn't think though that the policy covered Miss P and Mr S' food costs.

And the investigator felt that, given there'd been a further delay between AWP issuing its final response and settling the claim, that Miss P and Mr S had been put to additional time and trouble in chasing it up. So he recommended that AWP should pay Miss P and Mr S total compensation of £200.

Miss P and Mr S accepted our investigator's recommendation. AWP didn't respond by either of the deadlines he gave and so the complaint's been passed to me to decide.

### **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 agree with our investigator's conclusions and I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So I've considered, amongst other things, the policy terms and the circumstances of this claim, to decide whether AWP treated Miss P and Mr S fairly.

First, I've considered the policy terms and conditions, as these form the basis of the insurance contract. Miss P and Mr S had to make a claim on the policy because Miss S was unwell. So I think it was reasonable and appropriate for AWP to consider the claim in line with the 'Emergency medical and associated expenses' section of the policy. This provides cover if an insured person or their dependent suffers - amongst other things - unforeseen illness, including being diagnosed with Covid-19. The cover under this section of the policy includes the following:

*'Emergency medical, surgical, hospital, ambulance and nursing fees and charges incurred outside of your home country.*

*A medical confinement benefit of £50 a day (up to a maximum of £1,000) for every complete period of 24 hours you are admitted to hospital as an in-patient or are confined to your accommodation outside of your home country, on the advice of a treating doctor.*

*Reasonable additional transport or accommodation expenses incurred, up to the standard of your original booking, if it is medically necessary for you to stay beyond your scheduled return date. This includes, with our prior authorisation, reasonable additional transport or accommodation expenses for a friend or relative to remain with you or travel to you from your home country or escort you and additional travel expenses to return you to your home if you are unable to use the return ticket.'*

In this case, it's clear that AWP has covered Miss S' medical expenses and that it's paid benefit for the period she was medically confined. And I agree with our investigator that there's simply no cover for expenses such as taxi, laundry or food costs. So I don't think it was unfair for AWP to decline to cover those particular costs.

I acknowledge that the policy terms make it clear that AWP only provides cover for one person to remain with an ill or injured policyholder. So on a strict interpretation of the policy terms, AWP was entitled to limit settlement to Miss S' additional travel and accommodation costs, along with the costs of one of her parents.

However, I can depart from a strict application of the policy terms, if I feel their application produces an unfair result. And that's the case here, for reasons I'll go on to explore.

Like the investigator, I've looked at the website of the hotel Miss P, Mr S and Miss S stayed in while Miss S was ill. It's clear that the cost of a hotel room is the same whether it's occupied by one adult and a child or two adults and a child. It appears that the hotel charges a rate per room, rather than per person. And it seems likely to me that if only one of Miss S' parents had remained with her, the full cost of that room *would* have been covered under the terms of the policy. So it doesn't seem fair or reasonable that AWP has limited settlement of the hotel costs to two thirds of the overall room rate. It follows then that I'm directing AWP to pay Miss P and Mr S' accommodation cost in full, in line with the remaining policy terms, together with interest on the additional amount.

Turning to the flight cost, I appreciate that as both parents stayed with Miss S, three new flight tickets had to be purchased rather than two. So by directing AWP to pay the cost of both Miss P and Mr S' new flights, I'm telling AWP to pay more than the policy covers. However, I've very carefully considered the individual and specific circumstances of this complaint. At the time of her illness, Miss S was a very young baby, who was suffering from a very high fever and who had to be seen in a specialist children's hospital due to the severity of her illness and her symptoms. Miss P, Miss S and Mr S were several thousand miles away from the UK. And Miss P and Mr S were confined to the room with Miss S for most of the time. I do think, therefore, that both of Miss S' parents realistically needed to remain abroad. So on the particular facts of this case, I think it would be fair and reasonable for AWP to cover the additional flight costs of both adults, together with interest on the additional amount

It's clear that Miss P and Mr S are very unhappy with the way that AWP has handled their claim. In April 2023, AWP accepted that there'd been a delay in reviewing the claim and it offered Miss P and Mr S £100 compensation. However, it took around two further months for the claim to be accepted and settled. I can see that Mr S was regularly chasing AWP for updates during this period, which I think is likely to have put him to additional time and trouble over and above the upset its prior handling of the claim had caused him. So I agree with our investigator that AWP should pay Miss P and Mr S total compensation of £200 to reflect the distress and inconvenience it caused them by its handling of this claim.

### **My final decision**

For the reasons I've given above, my final decision is that I uphold this complaint.

I direct AWP P&C SA to:

- Pay both Miss P and Mr S' additional travel and accommodation costs in full, in line with the remaining terms and conditions of the policy. It must add interest to the additional settlement amount at an annual rate of 8% simple from the date it initially settled the claim on 14 June 2023 until the date it settles the additional payment\*;
- Pay Miss P and Mr S total compensation of £200 (inclusive of £100 compensation it's already offered).

AWP must pay the compensation I've awarded above within 28 days of the date of receiving confirmation that Miss P and Mr S have accepted my final decision.

\* If AWP considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss P and Mr S how much it's taken off. It should also give Miss P and Mr S a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P and Mr S to

accept or reject my decision before 6 December 2023.

Lisa Barham  
**Ombudsman**