

The complaint

Mr W is unhappy with how Euroins AD has settled a claim he made on his travel insurance policy.

What happened

The details of this complaint are well known to both parties, so I won't repeat them here again.

In October 2023 I issued a provisional decision. I said:

The relevant rules and industry guidelines say that Euroins has a responsibility to handle claims promptly and fairly. And they shouldn't unfairly reject a claim.

The policy covers expenses for loss of passport up to a maximum of £500 per insured person. Mr W claimed for various expenses including train tickets, public transport costs, taxi costs, accommodation. Euroins made a payment of £88.85 as they said that only taxis to and from the embassy were covered.

The policy terms and conditions set out what is covered under loss of passport. They say:

What you are covered for

We will pay up to the amount shown in the summary of cover for:

1. The costs in obtaining a replacement passport or travel document (you are not covered for the cost of the document itself) to enable you to return to your home country following accidental loss or theft;
2. The costs in obtaining a replacement driving licence or green card following accidental loss or theft.

What you are NOT covered for

1. The excess shown in the summary of cover;
2. The cost of the passport, travel document, driving licence or green card;
3. Loss due to delay, detention, confiscation, requisition or damage by customs or other officials or authorities;
4. Loss or theft unless you have reported the loss or theft to the nearest police authority within 24 hours of discovery and have obtained a written police report;
5. Loss or theft from an unattended vehicle;

6. Anything mentioned in the General Exclusions.

I'm upholding Mr W's complaint because:

- I don't think the policy terms make it clear that only local travel costs to and from the embassy are covered.
- Mr W claimed for various costs including travelling from his holiday destination to the nearest embassy, local travel costs, accommodation whilst the passport was being sorted out and a new return flight (as he missed his original flight). I think that these costs can reasonably be considered as costs in obtaining a replacement passport or travel document to enable him to return to his home country. And, in any event, any ambiguity in the policy terms is interpreted in Mr W's favour.
- The costs that Mr W claimed for expenses are in excess of the policy limit so I can't fairly direct that Mr W should be fully reimbursed for all the expenses he initially claimed for. For example, some of those costs related to the parent who accompanied him who isn't insured on the same policy. And some of the costs claimed were for the cost of the passport itself.

Putting things right

I think Euroins should settle the claim by paying the difference between what it's agreed to settle and the policy limit. That's because I think Mr W has claimed for reasonable expenses.

And, as I've outlined above, I'm not persuaded Euroins has clearly explained the scope of cover under this section of the policy.

Euroins also needs to pay Mr W £50 for the inconvenience of his claim being declined which has caused him worry and upset. And they should also pay 8% simple interest from the date of the original settlement of the claim to the date of final settlement.

If Euroins considers that it's required by HM Revenue & Customs to deduct income tax from that interest it should tell Mr W how much it's taken off. It should also give Mr W a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Mr W accepted my provisional decision. Euroins didn't respond to my provisional findings.

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.

As the parties haven't made any further comments about the outcome of this complaint there's no reason for me to reach a different conclusion. For the reasons I've outlined above, and in my provisional decision I'm upholding this complaint.

Putting things right

Euroins needs to put things right by paying Mr W:

- The difference between what it's agreed to settle and the policy limit. This is £500 minus the £88.85 it's already paid to Mr W.
- 8% simple interest from the date of the original settlement of the claim to the date of final settlement. If Euroins considers that it's required by HM Revenue & Customs to deduct income tax from that interest it should tell Mr W how much it's taken off. It should also give Mr W a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.
- £50 for the inconvenience of Mr W's claim being declined which has caused him worry and upset.

My final decision

I'm upholding Mr W's complaint and direct Euroins AD 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 W to accept or reject my decision before 19 December 2023.

Anna Wilshaw
Ombudsman