

The complaint

Mr and Mrs D complain about how Astrenska Insurance Limited dealt with a claim against their travel insurance policy. Reference to Astrenska includes its agents.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here in full. In summary, in February 2023, Mr and Mrs D took out a single trip travel insurance policy underwritten by Astrenska for a trip in April 2023. Mr D lost his phone when he was in the airport waiting for the departure of his outgoing flight. On 2 May 2023, Mr D made a claim against his policy. Astrenska asked for some further information, which Mr D provided on 27 May 2023. On 31 July 2023, Astrenska agreed settlement of the claim at the policy limit of £100.

Mr and Mrs D say that Astrenska's delay in dealing with the claim caused them distress and inconvenience. Mr D said that he couldn't afford to buy a replacement phone while the settlement of his claim was outstanding. He borrowed Mrs D's old phone, which had limited functionality. Mr and Mrs D want compensation for Astrenska's delay in dealing with the claim.

One of our investigators looked at what had happened. He said that Astrenska had settled the claim in accordance with the policy terms and accepted failures in its handling of the claim. The investigator said that Astrenska had caused distress and inconvenience in its handling of the claim and recommended that it pay Mr and Mrs D compensation of £200 in relation to that.

Mr and Mrs D accepted the investigator's recommendation but Astrenska didn't. It said that it received the supporting documentation for the claim on 27 May 2023 and it aims to settle claims within 10 working days of that. Due to a high volume of claims, it took longer than expected to settle the claim and it didn't communicate its decision to Mr D until 31 July 2023, a delay of an additional 35 working days beyond its expected settlement date. Astrenska said that given the low value of the claim (£100), compensation of £200 was excessive. It suggested compensation of £100.

The investigator put that suggestion to Mr D, but Mr and Mrs D didn't agree with it. They say that they agree with the investigator's recommendation of £200. Mr and Mrs D say that Astrenska caused them unnecessary and substantial inconvenience. They say that Astrenska's reference to the low value of the claim is a red herring as that was the policy limit, which was less than half the cost of the lost phone.

As there was no agreement between the parties, the complaint was 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.

The relevant rules and industry guidance say that Astrenska has a responsibility to handle claims promptly and fairly. It's now common ground that there were delays in dealing with the claim. The remaining issue for me to decide is what amounts to fair and reasonable compensation in this case.

When mistakes like this happen, we look at the effect of the errors on the individuals concerned. Here, Mr and Mrs D were inconvenienced by Astrenska's delay in dealing with their claim. And Astrenska didn't keep Mr and Mrs D updated about the progress of their claim.

On 27 May 2023, Astrenska had all that it needed in order to deal with the claim but didn't settle the claim until 31 July 2023. In Astrenska's final response to Mr D on 24 August 2023, it said that it upheld the complaint but that the time it took to deal with the claim was reasonable. I don't agree that it was. Astrenska took considerably longer to deal with this straightforward claim than we'd expect.

I agree with Mr and Mrs D that the amount of the claim isn't the only or the central factor to consider when deciding what's reasonable compensation for their distress and inconvenience. Mr and Mrs D say - and I accept - that they couldn't afford to replace Mr D's phone with one of a similar functionality until after settlement of their claim. Mr D says that he used one of Mrs D's old phones which meant that he didn't have access to certain apps, including his home security app. Mr and Mrs D say that was stressful and inconvenient.

As Astrenska didn't keep Mr and Mrs D informed about the progress of their claim, Mr and Mrs D were put to the trouble and inconvenience of contacting Astrenska several times about their claim.

Considering everything, I think that compensation of £200 in relation to Mr and Mrs D's distress and inconvenience is fair and reasonable. In coming to that view, I've taken into account the nature, extent and duration of their distress and inconvenience caused by Astrenska's errors in this case.

Putting things right

In order to put things right, Astrenska should pay Mr and Mrs D compensation of £200 in relation to their distress and inconvenience.

My final decision

My final decision is that I uphold this complaint. Astrenska Insurance Limited should now take the step I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D and Mr D to accept or reject my decision before 13 February 2024.

Louise Povey
Ombudsman