

## The complaint

Miss B complains about the way that Euroins AD has settled a claim she made on a travel insurance policy.

## What happened

Miss B was abroad on a back-packing trip. Unfortunately, her bag was stolen and so she made a claim on her travel insurance policy. Her claim included the costs of replacing her stolen items; stolen cash and the cost of replacing her passport.

Euroins accepted and partly settled Miss B's claim. It agreed to settle of the cost of stolen items which Miss B had been able to prove she owned in line with the policy terms. And it paid 50% of the value of the non-evidenced items as a gesture of goodwill. However, there was a significant shortfall between the value of the items Miss B had claimed for and the settlement she was paid. Additionally, Euroins concluded that Miss B's cash claim fell below the policy excess, so it said no payment was due. And it stated that the policy didn't cover the replacement cost of a passport.

Miss B was unhappy with the way Euroins had settled her claim and she asked us to look into her complaint.

Our investigator felt Miss B's complaint should be upheld. He acknowledged that the price of Miss B's new passport wasn't covered by the policy terms. So he thought it had been reasonable for Euroins to decline this part of the claim. But he didn't think it had been fair for Euroins to require strict proof of ownership for each of Miss B's stolen items. So he calculated how much he felt Euroins should pay for each of those items. And he also felt that Euroins had failed to take all of Miss B's stolen cash into account when it calculated whether any settlement was due for her personal money. So he recommended that Euroins should pay the balance. He thought too that Euroins should pay Miss B £100 compensation for the trouble and upset its handling of the claim had caused her.

I issued a provisional decision on 18 December 2023, which explained the reasons why I didn't think Euroins had settled Miss B's claim fairly. I said:

*'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 terms of Miss B's policy and the available evidence, to decide whether I think Euroins has treated Miss B fairly.'*

*It seems to me that there are three key issues for me to decide. Did Euroins settle Miss B's baggage claim fairly? Did Euroins assess Miss B's cash claim fairly? And was it fair for Euroins to turn down Miss B's passport claim? I'll consider each in turn.*

*Did Euroins settle Miss B's baggage claim fairly?*

*I've first considered the policy terms and conditions, as these form the basis of Miss B's contract with Euroins. Section three – Personal Belongings- says:*

*'We will pay up to the amount shown in the summary of cover for the value or cost of repair of any of your own personal possessions (not hired, loaned or entrusted to you) which are lost, stolen, damaged or destroyed during your trip (after making allowance for wear and tear and depreciation).'* (Emphasis added).

Section three also includes a list of things Euroins has specifically chosen to exclude from cover. This includes the following:

*'any depreciation in value.'*

And this section also includes a 'special condition' which says: 'Receipts will be necessary in the event of a claim.'

*It's a general principle of insurance that it's for a policyholder to show they have a valid claim on their policy and that they've suffered the financial loss of something they owned. Generally, I don't think it's unfair for an insurer to require evidence of ownership.*

*In Miss B's case, Euroins accepts that an insured event took place and that Miss B has a valid personal belongings claim. It's partially settled her claim - calculating part of the settlement in line with the policy terms - based on the receipts Miss B was able to provide. And its final response letter indicates that it's paid 50% of the value of the items for which Miss B couldn't prove ownership.*

*As the investigator explained, we don't generally think it's fair or reasonable to require a policyholder to provide strict proof of ownership of every item they have claimed for – especially for inexpensive items, or items they've owned for many years. We may think it's reasonable for an insurer to accept packaging; photographs; or instruction manuals, for example, to demonstrate ownership.*

*I've looked carefully at the list of items Miss B has claimed for. She has been able to provide receipts for a small number of items and photographic evidence of her wearing other items she's claimed for. While she's been unable to evidence ownership of some items – I don't think these items are inconsistent with the nature of Miss B's trip. She's also provided evidence of the replacement items she bought for the remainder of her trip. In the round then, I currently think Miss B has provided a plausible and consistent loss list. It appears that Euroins also accepted that it would be fair and reasonable for it to step away from a strict interpretation of the policy terms, given it's paid 50% of the value of Miss B's non-evidenced items. But I don't currently think a flat 50% deduction for the items for which Miss B couldn't provide ownership is fair and reasonable and I'll explore this further.*

*It's important I make it clear that I don't agree with the settlement amounts proposed by our investigator and I don't think it would be reasonable for me to direct Euroins to pay certain sums at this stage. I note that when the investigator recommended settlement of some items, he based it on the price of the replacement items Miss B purchased. But this policy isn't a new-for-old policy. It's a contract of indemnity. That means Euroins' liability under the contract is to put Miss B in the position she would have been in but for the theft. So under the terms of the policy, Euroins is entitled to calculate the actual value of Miss B's items at the time of the loss and settle the claim accordingly. As such, it's reasonably entitled to take into account the age of each item and make a reasonable deduction for wear and tear, if it's appropriate to do so. In my view, in this particular case and given the nature of these items, a deduction of 10% per year is a fair proxy for depreciation when calculating settlement. It seems to me that Euroins did apply a 10% per annum deduction when it settled the items Miss B had evidenced.*

*So I currently intend to direct Euroins to accept and consider Miss B's claim for the items for*

*which she hasn't been able to provide proof of ownership using a proxy deduction of 10% per year of ownership, rather than flat deduction of 50% per item. It would be helpful if, in response to this provisional decision, Euroins could set out a revised settlement calculation on the basis I've set out above.*

*Did Euroins assess Miss B's personal money claim fairly?*

*The personal money section of the policy says:*

*'We will pay you up to the amount shown in the summary of cover if your own money is lost or stolen during your trip whilst being carried on your person or left in a locked safety deposit box (or equivalent facility).'*

*Euroins concluded that no payment was due to Miss B under the personal money section of the policy because it felt her cash claim fell below the policy excess. I can see from Miss B's claim form that she included an emergency cash sum which she said was given to her by her relatives. Euroins believed that this amount had been replacement cash which was sent to Miss B after the loss, so it didn't include it in its assessment of the cash claim. Miss B says that, in fact, this was dollar currency her relatives had given to her prior to her trip, which was also stolen. In my view, the claim form does suggest that the dollar currency Miss B claimed for was in the bag which was stolen. This would mean the total cash she claimed for exceeded the policy excess.*

*So I think it would be reasonable for Euroins to reassess Miss B's personal money claim, inclusive of the \$200 cash, in line with the remaining terms and conditions of the policy.*

*Was it fair for Euroins to turn down Miss D's claim for her passport costs?*

*Section five – loss of travel documents says:*

*'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 during your trip;' (Emphasis added).*

*This section of the policy says that Euroins won't pay for:*

*'the cost of the passport, travel document, driving licence or green card.'*

*Miss B's claim form suggests that her claim was for the cost of replacing her passport documents, rather than any costs she incurred in their replacement – such as the costs of travelling to an embassy, or additional travel costs. In my view, Euroins' policy terms make it sufficiently clear that the cost of a passport itself won't be covered. And so I currently think it was fair for Euroins to turn down Miss B's passport claim.*

*Overall, I don't think Euroins has settled this claim fairly and I think it's unreasonably turned down certain parts of Miss B's claim. I think this is likely to have caused Miss B unnecessary trouble and upset. So I intend to direct Euroins to pay Miss B £100 compensation.'*

*I asked both parties to send me any further evidence or comments they wanted me to consider.*

*Miss B accepted my provisional findings.*

Euroins said it agreed to my findings, but that it would not be paying compensation. It said it had done nothing wrong and had already been more than fair in its settlement.

### **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 still think that in addition to reassessing Miss B's personal belongings claim and personal money claim, it would be fair and reasonable for Euroins to also pay her £100 compensation and I'll explain why.

It appears that Euroins has accepted my findings in respect of Miss B's personal belongings and personal money claims. So I don't think I need to comment further on these particular points. It's disappointing that Euroins didn't send me any revised claim settlement calculations for Miss B's personal belongings claim when it responded to my provisional decision. However, following its reassessment of Miss B's personal belongings claim, it should provide Miss B with a clear breakdown explaining how it's calculated any revised settlement it pays her.

Euroins doesn't agree that it should pay compensation for its handling of the claim. I've reconsidered this point carefully. But it seems to me that Euroins had enough information from early on in this claim to take the \$200 lost cash into account when it considered Miss B's personal money claim. It failed to do so. And while I think it took steps to consider Miss B's personal belongings claim in a fair way, as I've explained above, I don't think it was reasonable for Euroins to limit settlement of non-evidenced items to a flat 50% of their claimed value. In my view, Miss B had already provided enough evidence to demonstrate that she had a valid claim for the items she'd claimed for. So I still think Miss B was put to some modest avoidable time, trouble and inconvenience by Euroins' handling of her claim.

Therefore, I find that Euroins must also pay Miss B £100 compensation to reflect the upset I think its claims handling likely caused her. I must make it clear that if Miss B accepts this final decision, any awards I've made will become legally binding on both parties.

### **My final decision**

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

I direct Euroins AD to:

- Reconsider Miss B's full personal belongings claim, in line with the remaining terms and conditions of the policy and using a wear and tear deduction of 10% per year of ownership;
- Reconsider Miss B's personal money claim, inclusive of \$200, in line with the remaining terms and conditions of the policy;
- Pay Miss B £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 12 February 2024.

Lisa Barham

**Ombudsman**