

The complaint

Mr and Mrs W are unhappy with the service they received from Astrenska Insurance Limited and associated companies acting on their behalf.

What happened

Mr and Mrs W had an annual travel insurance policy underwritten by Astrenska. During the policy year Mrs W experienced a change in health as she was diagnosed with a new condition. She contacted Astrenska to update them and had to chase them to confirm if this was covered.

Astrenska weren't able to accept the risk of the newly declared condition and so offered a refund to Mr and Mrs W of £271.40. They were able to offer Mr and Mrs W a refund or alternative cover. The alternative cover offered was a joint single trip policy or a new annual policy for Mr W alone. They also offered the option to transfer the £271.40 to the new annual policy for Mr W but this couldn't be applied to the single trip quote. Mrs W was left with around 3 days to sort out new cover before her planned holiday despite contacting Astrenska around 13 days before her departure date.

Astrenska accepted that Mr and Mrs W should have received a response within 72 hours. They paid £75 compensation following their final response letter. However, they maintained their decision in relation to cover was fair. So, Mr and Mrs W complained to the Financial Ombudsman Service.

Our investigator looked into what happened and ultimately upheld Mr and Mrs W's complaint. She thought the £75 compensation was fair and reasonable. However, she thought that Astrenska should cover the cost of the new policy Mr and Mrs W had to take out, up the value of any cancellation claim plus 8% simple interest from the date the policy was cancelled to the date of payment.

Mr and Mrs W accepted the investigator's recommendation. Astrenska didn't because they said they didn't feel it was appropriate for them to cover the cost of the policy taken out with another insurer who was prepared to accept the risk. They said a pro-rata refund feels appropriate as their liability ended when the policy was cancelled. So, they asked for the case to be referred to an ombudsman for a decision.

When the case was referred for a decision Mrs W further highlighted that she may have unknowingly travelled without insurance had she not insisted on a response. She also reiterated that her original complaint was about the lack of customer service including that offered during the calls.

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.

I'm upholding Mr and Mrs W's complaint. I think Astrenska needs to put things right by

paying £75 compensation for distress and inconvenience, covering the cost of the new policy they had to take out up to the value of the cancellation cover and 8% simple interest.

I say that because:

- Astrenska didn't respond to Mr and Mrs W's query as quickly as they should. They've accepted this and offered £75 compensation which has already been paid to Mr and Mrs W. I think this amount fairly reflects the distress and inconvenience caused to Mr and Mrs W. That's because they had to chase for an answer and their query was fairly urgent because of their intended travel date. The late response left Mr and Mrs W just a few days to source alternative insurance which I accept would have been worrying and stressful for them.
- I think it would be fair and reasonable for Astrenska to cover the cost of the new policy Mr and Mrs W took out up to the value of a cancellation claim they could have made under the policy terms and conditions. By not making a cancellation claim, and choosing to take out cover elsewhere, Mr and Mrs W have reduced Astrenska's exposure to financial loss as they've not made a cancellation claim for their pre-booked trip. I think this leads to a fairer outcome than directing a pro-rata refund of the premiums. Mr and Mrs W should be aware that they will likely need to provide Astrenska with information about the policy and the cost of it if they haven't done so already.
- I can't make any award for what might have happened, for example if Mrs W had unknowingly travelled without insurance. My role is to determine the impact of what happened, rather than what could have gone wrong if she'd not been able to contact Astrenska.
- I've considered what Mrs W has said about the overall customer service. However, I remain satisfied that £75 compensation offered fairly reflects the impact of not receiving a call back when they should have done and for any poor service offered during the phone calls relating to the changes to the policy.

Putting things right

Astrenska needs to put things right by covering the cost of the new policy, up to the value of any cancellation claim that would have been covered by the Astrenska policy.

Based on the available evidence no refund of premiums was given to Mr and Mrs W. But, if they have been refunded for any premiums, this amount can be deducted from the settlement.

Astrenska should also pay 8% simple interest on the final amount from the date the policy was cancelled until the date of settlement. If Astrenska considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs W how much it's taken off. It should also give Mr and Mrs W a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

I'm upholding Mr and Mrs W's complaint and direct Astrenska Insurance Limited 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 and Mrs W to accept or reject my decision before 15 February 2024.

Anna Wilshaw
Ombudsman