

The complaint

Mr A, Mrs A and Mrs W have complained about the way TICORP Ltd trading as Staysure ('Staysure') dealt with their policy amendment.

All reference to Staysure includes any agents acting on its behalf.

What happened

Mr A, Mrs A and Mrs W were due to travel abroad in July 2023 and were insured under a single trip travel insurance policy through Staysure. This was bought online in October 2022. They paid a premium of £147.95.

Towards the end of June 2023, Mr A called Staysure to report a change in health as one of the travellers had suffered an injury. Staysure told Mr A that this would be referred to the underwriters who requested an additional premium of £239.68, including a £10 administration fee. On the following day, Mr A asked whether the policy could be cancelled, or the traveller removed but Staysure said this wasn't possible.

Mr A complained and said he had found alternative insurance for a cheaper price. Staysure responded to the complaint in early July 2023 setting out the terms and conditions in relation to cancellation and their options as follows:

- Add an exclusion.
- Cancel the policy and accept a pro rata refund of £16.67.
- Reject the offer.

Unhappy, Mr A rejected the offer and referred his complaint to the Financial Ombudsman Service. Our investigator looked into the complaint but didn't uphold it and said Staysure had acted fairly in line with the terms and conditions of the policy.

Mr A disagreed and asked for an Ombudsman's decision. So the case has been passed to me.

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 don't think this complaint should be upheld. I'll explain why.

- I have carefully considered everything Mr A has said in detail, even if I don't explicitly refer to it. And the background is well known to both parties. So my decision will focus on what I consider to be key to my conclusions.
- The policy terms say what happens if there is a change to health after buying the

policy. It says: *“This may result in an additional premium to allow cover to continue, to add additional Terms and Conditions to your policy or to exclude cover for the newly diagnosed condition or for the condition that has undergone significant change.”*

- The policy documentation also confirms that cancellation cover starts as soon as the policy is bought. This means the insurer was on risk for cancellation from October 2022 - a number of months before the start date of the trip. It's a fundamental principle of insurance law that, if the insurer had commenced to bear the risk concerned – for however short a time – the premium paid is not returnable.
- Where an insurer has been on risk, it is entitled to keep the premium and in this case, I have seen Staysure offered a pro rata refund which I don't think was unfair based on the time on risk.
- Mr A also says he found cheaper cover elsewhere. That doesn't necessarily mean Staysure treated him unfairly as an insurer is entitled to price a risk based on what it considers to be relevant factors. Insurers will underwrite their risks differently, so I don't think it automatically follows that Staysure did anything wrong. And for the new insurance policy, the time on risk for cancellation cover was shorter.
- I have checked the information provided by the underwriter and the explanation given by Staysure to Mr A. I haven't seen anything to suggest that the premium was calculated incorrectly or that Mr A, Mrs A and Mrs W were treated unfairly or any differently to other customers in similar circumstances. An insurer is entitled to decide the way in which it calculates the premiums it charges taking into account factors such as its previous claims experience, its assessment of the likelihood of claims arising and its own commercial interests – as long as it treats its customers fairly.
- Mr A wanted the option of a full refund or the majority of the premium to be refunded. But as explained above, I don't think that's fair as the underwriter was on risk from the date the policy was purchased.
- I appreciate Mr A will be disappointed with my decision and I can understand why. But I am satisfied that Staysure acted in line with the terms and conditions of the policy. So I can't fairly ask it to do anything further.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A, Mrs A and Mrs W to accept or reject my decision before 4 March 2024.

Shamaila Hussain
Ombudsman