

The complaint

Mr P complains about the claim settlement AXA Insurance UK Plc made under his travel insurance policy.

What happened

Mr P was on holiday abroad, and he was due to fly back to the UK on 17 March 2020. He held an annual multi-trip travel insurance policy, provided by AXA. He made a complaint to AXA that it hadn't fully settled a claim for medical expenses he made under his policy, as AXA had only agreed to consider the claim up until 17 March 2020. Mr P wanted AXA to pay all of his costs up until when he actually returned to the UK. He says that as he missed his original return flight, and all flights were suspended due to the Covid-19 pandemic, he wasn't able to return until after the suspension was lifted in August 2020.

One of our ombudsmen considered this complaint and issued their final decision on 16 September 2022. Mr P accepted this decision. The ombudsman directed AXA to *"reconsider Mr P's claim for his medical expenses and additional accommodation costs, on the basis that he wasn't fit to fly until 30 March 2020, in line with the remaining policy terms and conditions and subject to any additional evidence it may require"*.

Following this, AXA reconsidered Mr P's claim and it first paid Mr P's medical and accommodation costs up until 30 March 2020 in November 2022. But when Mr P disputed this (because there were no flights available for him to return home at this point), AXA then paid Mr P's medical and accommodation costs up until 14 May 2020. It says this was when there was a repatriation flight available, so Mr P could have returned to the UK. So, AXA said it wouldn't pay any costs beyond 14 May 2020. AXA also declined to pay all of the costs Mr P had claimed for up until this date, as it said some were not covered by the policy terms.

AXA paid Mr P £150 to compensate for the distress and inconvenience caused due to the delay in claim settlement between November 2022 and February 2023, as above. AXA also said it would consider paying interest on what it paid after November 2022, subject to receiving evidence of payments made and the interest Mr P paid on his credit card. Alternatively, AXA said it would be willing to pay 8% simple interest on the amounts between November 2022 and February 2023.

Mr P doesn't think AXA has acted fairly. He says it should pay for all of his costs up until he actually returned to the UK. He says no flights were available prior to this as a result of the Covid-19 pandemic, and he wasn't aware of the repatriation flight. He also doesn't think AXA has acted fairly by declining cover for all of his costs, and he says AXA should pay him interest from when he first made the claim in 2020.

One of our investigators looked into Mr P's complaint. Having done so, she thought AXA had acted fairly and reasonably when it considered Mr P's claim up until 14 May 2020. She noted that this was when there was a repatriation flight available, and she wasn't persuaded that it had been necessary for Mr P to remain abroad beyond that date.

She also thought AXA had acted fairly and reasonably in what costs it had settled, and what it had declined as it had done so in line with the terms of the policy. AXA paid for Mr P's medical costs, accommodation costs, and fuel and parking costs relating to medical appointments up until 14 May 2020. But it declined some of the costs Mr P had claimed for, including wi-fi, food and drink, tips, vehicle repair and newspapers.

Our investigator thought it was reasonable for AXA to consider paying Mr P interest on the settlement payments. But she thought it should do so from 16 October 2022 onwards on any claim payment made after this date until the payment was made, as she thought it would have been fair and reasonable for AXA to have considered Mr P's claim by this point following our ombudsman's decision. AXA agreed to do so.

Mr P didn't agree with our investigator's findings, as he maintains that AXA should pay for all the costs he incurred up until he returned to the UK. He also says AXA should pay interest from when he first made the claim. As no agreement was reached, the complaint has been 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.

For the avoidance of doubt, in this decision I've only considered AXA's actions following our ombudsman's decision on 16 September 2022. This is also what our investigator did when she considered Mr P's complaint.

The relevant policy terms are under Section 2 – Medical emergency and repatriation expenses. These provide the following cover:

"We will pay up to the limit in your schedule for the items shown below which are necessarily incurred during a trip as a result of you suffering unforeseen injury due to an accident, illness, disease and/or compulsory quarantine.

- Emergency medical, surgical, hospital, ambulance and medical fees and charges incurred outside of your home area.*
- Emergency dental treatment for the immediate relief of pain only incurred outside of your home area.*
- An allowance for every complete 24 hour period you are in hospital or confined to your accommodation on the advice of a medical practitioner and contribution towards meal expenses for a nominated person who is staying or travelling with you (the excess does not apply to this benefit).*
- Costs of telephone calls to and from the Emergency Medical Assistance Service notifying and dealing with the problem.*
- The cost of taxi fares for your travel to or from hospital relating to your admission, discharge or attendance for outpatient treatment or appointments and/or for collection of medication prescribed for you.*
- If you die outside your home area the cost of funeral expenses abroad plus the cost of returning your ashes or your body to your home. If you die on a trip within your home area the reasonable additional cost of returning your ashes or body to your home.*
- Additional transport and/or accommodation expenses incurred, up to the standard of your original booking, if it's medically necessary for you to stay beyond your scheduled return date. This includes, with the prior authorisation of the Emergency Medical Assistance Service, reasonable additional transport and/or accommodation expenses for a travelling companion, friend or close relative to stay with you or travel*

to you from the UK or escort you home. Also, additional travel expenses to return you to your home or a suitable hospital nearby if you cannot use the return ticket.

- With the prior authorisation of the Emergency Medical Assistance Service, the additional costs incurred in the use of air transport or other suitable means, including qualified attendants, to repatriate you to your home if it is medically necessary. These expenses will be for the identical class of travel used on the outward journey unless the Emergency Medical Assistance Service agrees otherwise. If the Emergency Medical Assistance Service confirms and alternative method of travel is required this will only apply for the ill or injured insured person.”*

Did AXA act fairly and reasonably by considering Mr P’s claim up until 14 May 2020?

The above policy section also excludes cover for any expenses incurred after AXA arranges repatriation but the policyholder decides not to be repatriated. But in the circumstances here, due to Covid-19, all commercial flights had been suspended.

So, when reconsidering the claim, AXA said that there was a repatriation flight on 14 May 2020. AXA considered that this was the earliest date Mr P could have returned to the UK, and it paid his medical and accommodation costs up until this date.

I can see that the Foreign, Commonwealth & Development Office (‘FCDO’ – formerly the Foreign & Commonwealth Office ‘FCO’) website had information about this flight, and how to book it. I’ve considered the arguments Mr P has made about this flight. But I think it would have been reasonable, considering the unprecedented circumstances, for Mr P to have kept up to date with information provided by FCDO. I note that he had access to internet, so the information would have been available to him.

Overall, I think it would have been reasonable for Mr P to return on the first available flight. And had he contacted AXA for advice, I think it’s likely this is what AXA would have told Mr P. Whilst the policy doesn’t oblige Mr P to contact AXA to approve a claim for medical assistance expenses, I think it’s reasonable to expect that a policyholder in this situation contacts their insurer for advice. So, I don’t think Mr P took the opportunity to minimise his losses when he didn’t find out about the next available flight and attempt to return home.

Mr P’s policy doesn’t provide cover for an extended stay abroad, other than where that’s necessary for medical reasons. So, I think it was reasonable for AXA to consider the claim up until when Mr P could first reasonably have returned home – and I’m satisfied this was on the date of the repatriation flight, 14 May 2020. So, for these reasons I’ve set out above, I think AXA has acted fairly and reasonably in only considering Mr P’s claim up until 14 May 2020 and declining his claim for any costs incurred after this date.

Did AXA act fairly and reasonably in what costs it paid?

AXA paid Mr P’s claim for medical and associated costs (medical, fuel, parking) as well as his accommodation costs. But it said the policy didn’t provide cover for the other costs Mr P had claimed for. Having considered the above policy terms for what there is cover for, I’m satisfied AXA hasn’t acted unfairly and unreasonably when it declined to pay Mr P’s costs for wi-fi, food and drink, tips, vehicle repair and newspapers – these aren’t costs which are covered under this policy, and also aren’t costs which I’d generally expect to see covered under any other travel insurance policy on the market.

In any event, travel insurance policies are also intended to cover additional costs, rather than normal everyday living costs. So, for example, food and drink costs are something Mr P would have always incurred, even if he’d been back home in the UK.

The policy also specifically includes cover for taxi costs relating to hospital visits. And AXA paid for the related fuel and parking costs in lieu of taxi costs. But I don't think it would be reasonable for me to ask AXA to pay for Mr P's vehicle repair costs as there is no cover for this under the policy terms.

Should AXA pay Mr P compensation?

When AXA first settled the claim in November 2022, it only considered Mr P's medical and accommodation costs up until 30 March 2020. But in February 2023 it considered the further costs up until 14 May 2020, which is when AXA says there was a repatriation flight and Mr P could have returned to the UK.

It's clear that AXA didn't consider Mr P's claim fairly and reasonably in November 2022 as it didn't take into account that Mr P was unable to return home due to the Covid-19 pandemic. There was a lack of flights available. But I think AXA considered the claim fairly in February 2023 when it agreed to pay Mr P's medical and accommodation costs up until 14 May 2020. And I think the £150 it has paid in recognition of this is fair and reasonable in the circumstances, as well as its offer to pay Mr P interest from 16 October 2022 onwards until the settlement payments were made. This is a month after our ombudsman's decision in which they directed AXA to reconsider the claim.

Mr P says AXA should pay interest from when he first made the claim and provided information in 2020 until settlement – rather than from 16 October 2022. But in the circumstances of this complaint, I think it was reasonable for AXA to have a month to reconsider the claim after Mr P accepted the previous final decision – so until 16 October 2022. As it didn't, I think AXA should pay Mr P interest from this point onwards until payments were made, as it has offered to do.

My final decision

My final decision is that I uphold Mr P's complaint in part, and direct AXA Insurance UK Plc to pay Mr P 8% simple interest on any claim payment made after 16 October 2022, calculated from this date until the payment was made. If Mr P provides evidence to show he incurred higher interest charges for these costs during this time, AXA should pay the interest Mr P incurred instead of the 8% simple interest. But this is limited to the time period between 16 October 2022 until the payment was made.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 29 February 2024.

Renja Anderson
Ombudsman