

The complaint

Mr and Mrs F have complained that U K Insurance Limited (UKI) declined a claim they made on their travel insurance policy and about poor claims handling.

As it is Mr F that has made the complaint, on behalf of himself and Mrs F, I will mostly just refer to Mr F in this decision.

What happened

Mrs F received some life-changing news about a medical condition in June 2023. Mr F then cancelled an imminent trip so that he could attend important appointments with his wife. He therefore made a claim on the policy.

In discussion with claims handlers, Mr F was led to believe that the deciding factor in assessing the claim was whether or not his wife had received a diagnosis within 12 months of the trip being booked. He was asked for more information, which he provided. On 4 August 2023 he was then told that UKI would write to the GP directly. Mr F heard no more from the claim handlers after that time.

It was only when UKI responded to Mr F's complaint on 24 November 2023 that he found out he had been misinformed. The relevant factor was that Mrs F had undergone surgery within 12 months of the trip being booked. UKI maintained its decision to decline the claim on that basis.

However, UKI did accept that its service fell short of what Mr F had the right to expect. It apologised and offered £750 compensation for distress and inconvenience.

Our investigator thought that it was reasonable for UKI to decline the claim, in line with the policy terms and conditions. And he also thought that UKI's offer of £750 for the errors that occurred was fair in the circumstances. Mr F would like to take the matter further and so the complaint has been passed to me for a decision.

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've carefully considered the obligations placed on UKI by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for UKI to handle claims promptly and fairly, and to not unreasonably decline a claim. Looking at the policy terms, under the 'cancellation' clause, it's clear that there is an exclusion if a close relative has a medical condition resulting in in-patient treatment in the 12 months prior to the date when a trip is booked.

It's not in dispute that Mrs F had surgery on 5 October 2022 and that Mr F booked the holiday on 25 August 2023. I have a great deal of sympathy for Mr and Mrs F's situation.

However, on balance, I'm satisfied that UKI has applied the policy terms correctly to decline the claim.

Mr F says he accepts there is a valid exclusion and that it is likely he would have reluctantly agreed with it if this had been raised during the early part of his claim. What he can't accept is that this was never mentioned to him at any stage by the claim handlers.

Mr F categorises UKI's actions as insensitive and incompetent, and I have no reason to disagree with him. As our investigator has said, it was in a position to make a decision on the claim by 27 July 2023 when the necessary medical certificate was provided. There's no evidence there was any progression on the claim after 4 August 2023 until Mr F made a complaint.

UKI has accepted these shortcomings. The matter at hand is whether its apology and offer of £750 is reasonable compensation for the failings that occurred.

I've thought very carefully about what Mr F has said about the impact this has had. As our investigator has mentioned, £750 is within the range this service would expect where there has been considerable distress, upset and worry. Therefore, taking everything into account, I consider that UKI's offer is fair and proportionate compensation.

Whilst I know it will be disappointing to Mr F, I will not be asking UKI to do anything more.

My final decision

For the reasons set out above, I do not uphold the complaint. However, U K Insurance Limited should now pay the £750 compensation to Mr and Mrs F, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Mrs F to accept or reject my decision before 7 March 2024.

Carole Clark

Ombudsman