

The complaint

Mr P, Mrs P, Miss P and Mr B complain that AWP P&C SA hasn't paid a cancellation claim they made under their travel insurance policies.

What happened

This decision covers a complaint about two single trip travel insurance policies that were both bought on 15 January 2022 to cover a family trip starting on 19 December 2022. Policy 1 covered Mr and Mrs P, as well as their child. Policy 2 covered Miss P and Mr B. Both policies covered the same family trip and were subject to the same policy terms and conditions. Mr P has dealt with the claim and represented all the policyholders under this complaint, and he says he paid for the family trip.

Sadly, the holiday had to be cancelled due to Mrs P's ill health in October 2022. Mr P submitted a cancellation claim to AWP on behalf of all the policyholders. Mr P says he sent all the requested documents on 22 November 2022, and that AWP confirmed these had been received on 5 December 2022.

AWP wrote to Mr P on 22 March 2023 to say it will make a payment in settlement of the claim. It looks like this settlement was for two policyholders, and AWP said the claim payments would be made under the relevant policy numbers. AWP asked Mr P to confirm if both claim payments should be made using the same bank account details. Mr P responded to confirm that both should be paid to his account. But Mr P didn't receive any payments into his account.

AWP sent Mr P a final response letter on 10 August 2023 and said that the claim had been paid on 22 March 2023. It apologised for the delays and offered Mr P £80 for the distress and inconvenience caused.

Mr P wasn't happy with this, as AWP hadn't paid the claim. He also says AWP asked him for medical evidence three times despite him already having sent it. And Mr P says the delays have caused him significant stress which led to him being off work. So, Mr P brought the complaint to our service.

One of our investigators looked into what had happened. And having done so, she wasn't satisfied AWP had paid the claim, as its notes suggested the claim payment had been cancelled. So, she said AWP should now pay the claim subject to the terms and conditions of the policy, as well as 8% simple interest from one month after the claim was received until settlement.

Both parties accepted our investigator's recommendation, but AWP still hasn't paid the claim. So, as the matter wasn't resolved informally, the complaint was passed to me to issue a final decision.

I issued my provisional decision in February 2024. Here's what I said:

“As I outlined above, both policies are subject to the same terms and conditions, and they covered the same family trip. The terms provide cancellation cover in the event of a serious illness of the policyholder, or someone they were going to stay with. But AWP hasn’t said the claim isn’t covered by the policy terms – rather, it just simply hasn’t paid the claim, despite saying it would do so. So, this is what I’ve focused on in my decision.

Mr P says he sent all the information AWP had requested for the claim on 22 November 2022. AWP said it paid the claim on 22 March 2023. But firstly, it looks like this was only the claim under one of the policies as the payment was for two policyholders. And secondly, AWP noted on 18 April 2023 that it had cancelled the payment.

I’ve seen Mr P’s bank statements between 24 February and 23 May 2023, and there are no payments from AWP, or anything that may be a claim payment. So, I think it’s more likely than not that AWP cancelled the claim payment, as its notes suggested. And it hasn’t made any payments to Mr P in relation to this claim.

As AWP accepted our investigator’s findings to pay the claim, and it hasn’t given us any evidence to suggest it shouldn’t do so, I think it should do so now. AWP should also pay 8% simple interest as Mr P has been out of pocket.

I think the delays here have had a significant impact on Mr P, and I don’t think £80 fairly reflects the distress and inconvenience caused here. I say this because the claim was for a significant amount, so this alone would have been worrying for Mr P financially. AWP also asked him to send information he had already sent, adding to the distress and inconvenience. And Mr P has explained the stress caused by the situation was so significant that it led to him being off work because of it. I think AWP should pay Mr P a total of £350 for the distress and inconvenience caused (inclusive of anything already paid).”

Mr P responded to my provisional decision saying he accepted it. AWP didn’t respond. As the deadline to do so has now passed, I’m issuing my final 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.

As neither party has given me anything new to think about, I see no reason to depart from the findings I reached in my provisional decision. So, I’ve reached the same decision, for the same reasons.

Overall, I think AWP should pay the claim, under both policies, in line with the terms and conditions. It should also pay Mr P interest, as well as compensation for the distress and inconvenience caused. I’ve set out my direction below.

My final decision

My final decision is that I uphold this complaint, and direct AWP P&C SA to do the following:

- pay the claim in line with the terms and conditions of the policy, under both Policy 1 and Policy 2,
- pay 8% simple interest from one month after the claim information was received up to the date payment is made*,
- pay Mr P £350** for the distress and inconvenience caused (but if AWP already paid Mr P the £80 it offered, it may deduct this amount from the payment).

**If AWP considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr P how much it's taken off. It should also give Mr P a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.*

***AWP must pay the compensation within 28 days of the date on which we tell it Mr P accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.*

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B, Mr P, Mrs P and Miss P to accept or reject my decision before 15 April 2024.

Renja Anderson
Ombudsman