

## **The complaint**

Mr and Mrs M are unhappy with the way AWP P&C SA ('AWP') has settled their claim.

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

## **What happened**

Mr and Mrs M have a travel insurance policy, underwritten by AWP. They made a claim for stolen items and damaged baggage but were unhappy with the settlement amount paid by AWP.

AWP said it had applied a deduction for wear and tear and depreciation.

Mr and Mrs M complained to AWP and unhappy with its response, referred their complaint to the Financial Ombudsman Service.

Our investigator looked into the complaint and found that AWP had acted fairly and in line with its terms and conditions.

Mr and Mrs M disagreed and in summary, have made the following comments:

- They can't even replace one item with the settlement sum they have received.
- AWP doesn't publish the deductions and the percentages applied are extremely unfair as luggage doesn't depreciate with time, like a car does.

And so the case has been passed to me for a 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.

Having done so, I don't think this complaint should be upheld. I'll explain why.

- The background is well known to both parties, so I won't repeat everything here. I have carefully considered everything Mr and Mrs M have said even if I don't explicitly refer to it in my decision. Instead, my decision will focus on what I consider to be key.
- In September 2023, AWP wrote to Mr and Mrs M and confirmed how the payment had been calculated for three items claimed for - with an 80% deduction for two of the items and a 20% deduction for the third.
- The policy terms confirm AWP will consider claims for the loss, theft or damage to baggage: "...on a new for old basis provided the item is less than two years old at the date of the incident and you can provide the original purchase receipt. All other items will be subject to a suitable deduction for wear and tear and depreciation..."

- All the items Mr and Mrs M claimed for were older than two years, so AWP applied a deduction to each item. Items one and two were purchased in 2017 and so an 80% deduction was applied, and item three was purchased in 2021 and so a 20% deduction was applied.
- AWP has provided information to show the level of deduction which would be applied depending on how old the item was. AWP is entitled to apply a deduction in line with the policy terms and conditions and it has done so correctly.
- Mr and Mrs M think this is unfair as they cannot replace their items for the settlement they have received - and the items they claimed for were in a usable state before the loss. But that isn't the test. I appreciate why Mr and Mrs M think this is unfair, but this type of deduction isn't unusual in claims where used items are stolen, lost and/or damaged. I am satisfied that AWP has applied its internal guidelines correctly and has settled the claim in line with the policy terms. So I won't be asking 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 M and Mrs M to accept or reject my decision before 25 April 2024.

Shamaila Hussain  
**Ombudsman**