

The complaint

Mr and Mrs S complain about the way U K Insurance Limited (UKI) handled a curtailment claim they made on a travel insurance policy.

What happened

Mr and Mrs S have travel insurance as a benefit of Mr S' packaged bank account.

In March 2023, Mr and Mrs S were abroad in a country I'll call N. Unfortunately, they learned that Mr S' mother was terminally ill and had only a matter of days to live. Therefore, Mr and Mrs S wanted to return home as soon as possible.

Mr S contacted UKI's medical assistance team to explain the situation and to look into what support it could provide. The call handler told Mr S that he'd need to make his own arrangements to return home and to keep the receipts. So Mr and Mrs S arranged earlier flights and cut short their trip. Sadly, Mr S' mother passed away shortly after Mr and Mrs S' return.

Unhappy with the way UKI's medical assistance team had handled his request for help, Mr S complained. He felt the call handler had lacked empathy for his situation. UKI acknowledged that it could have handled the call better than it had and so it paid Mr S a total of £450 compensation to reflect the trouble and upset he and Mrs S had been caused as a result of the way the call was handled.

Mr and Mrs S were also unhappy with the way UKI handled the curtailment claim Mr S had made. UKI had sent Mr S a generic letter by email, setting out the documents he'd need to provide in support of his claim. The letter said Mr S needed to raise a section 75 claim with his bank before UKI could consider the curtailment claim further. But Mr S' bank told him that a section 75 claim wouldn't be successful.

UKI accepted that in these circumstances, Mr S should have been sent a personalised letter setting out the documents it needed or amended the letter to indicate that he wouldn't need to make a section 75 claim. So it paid Mr S a further £350 compensation.

Mr and Mrs S didn't think the total compensation of £800 which UKI had paid to acknowledge the impact of its errors on them was enough to reflect their distress and inconvenience. So they asked us to look into their complaint. Mr S said that he had a cardiac condition, which had recently worsened significantly. He said his consultant felt UKI's handling of the claim was a contributory factor to the deterioration in his condition. And Mr and Mrs S didn't feel the compensation reflected the impact of UKI's mistakes on Mrs S – they considered it only took into account Mr S' trouble and upset.

Our investigator felt UKI had already settled Mr and Mrs S' complaint fairly. He acknowledged how distressing the situation had been for Mr and Mrs S and he agreed that UKI's assistance company could have handled things in a more helpful and empathetic way. He also thought UKI had made an error in sending Mr S a generic email about his claim. But overall, he concluded that total compensation of £800 in recognition of these errors was a

fair award to take into account both Mr and Mrs S' distress and inconvenience. So he didn't think UKI needed to pay Mr and Mrs S anything more.

Mr and Mrs S disagreed. In brief, they felt the investigator had failed to consider or acknowledge the information they'd given him about Mr S' cardiac condition. And they weren't persuaded that the compensation took into account Mrs S' trouble and upset. They believed the investigator had ignored key facts when looking into this complaint.

The complaint's 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.

Having done so, whilst I'm very sorry to disappoint Mr and Mrs S, I think UKI has already settled their complaint fairly and I'll explain why.

First, I'd like to offer Mr and Mrs S my sincere condolences for the sad loss of Mr S' mother. I don't doubt what an upsetting time this was for the family and I was sorry to read about the circumstances that led to Mr and Mrs S needing to return home early.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. So I've taken those rules into account, amongst other considerations, when deciding whether I think UKI treated Mr and Mrs S fairly.

The call to medical assistance

Like the investigator, I've listened to the call between Mr S and UKI's medical assistance company, in early March 2023. It's clear from the phone call how distressed Mr S was and that he was looking for help to return home as soon as possible. The call handler gave Mr S technically correct information. I say that because generally, an assistance company wouldn't make curtailment arrangements on behalf of a policyholder in situations where the policyholder themselves doesn't require medical attention or treatment. And this isn't a service offered under the terms of this policy. But as UKI accepts, the call handler showed Mr S very little empathy or understanding. And in this situation, I think the call handler could have explained to Mr S what steps he'd need to take to make early return arrangements and what information UKI would need to assess the claim later on. I can entirely understand why Mr S would have felt unsupported following this call and why he felt UKI had been dismissive.

So I think it was appropriate and reasonable for UKI to pay Mr and Mrs S compensation to take into account the distress and inconvenience I think it caused them during this call at an already very upsetting time for them both. And in my view, £450 total compensation for this failing is a fair award which I think reflects the clear unnecessary upset I think Mr and Mrs S were caused.

The generic letter

In my experience, it isn't unusual for a travel insurer to require a policyholder to provide evidence that they've tried to recover claim costs from third parties, such as credit card providers, or accommodation providers, before it will agree to settle a claim. That's because generally, travel insurance policies only cover irrecoverable costs. So letters of the type

which UKI sent Mr S aren't unusual.

However, in the particular circumstances of this complaint, UKI was already aware how distressed Mr S was by what had happened and the way his initial call had been handled. It should also have been aware that given the nature of the claim, a section 75 claim was very unlikely to succeed. So it accepts that in this specific case, it should have sent Mr S a tailored letter explaining what information it needed – or which made it clear that Mr S wouldn't need to make a section 75 claim.

Instead, Mr S was put to the time and trouble of speaking to his bank unnecessarily. He's told us that this caused him further upset and inconvenience at a time when he was already bereaved and had already received poor customer service from UKI. So I think it was reasonable and right for UKI to pay Mr and Mrs S further compensation to reflect this further error. And I find that £350 feels fair and reasonable to reflect the likely additional distress this caused Mr and Mrs S.

Level of compensation

In total, UKI has already paid £800 compensation in recognition of its service failings and the resulting impact of those failings on Mr and Mrs S. I appreciate how strongly Mr and Mrs S feel that this isn't sufficient and that compensation of between £1500 and £1800 would be more reasonable. I've thought about this carefully.

I was sorry to hear about the deterioration in Mr S' cardiac condition. I understand he feels his consultant considers that the handling of the claim by UKI contributed to this. But I haven't seen any compelling, independent medical evidence from his consultant which indicates this was the case. As such, I don't think I could fairly find that UKI should pay more compensation on this basis.

And it's clear too that Mr and Mrs S feels the compensation they've been paid only takes into account Mr S' distress and inconvenience. I've considered this. But I find that total compensation of £800 is a fair, reasonable and proportionate award which fairly reflects the upset I think both Mr and Mrs S were likely caused as a result of UKI's handling of this claim. And I'm mindful that the correspondence in this claim was between Mr S and UKI as the account holder. In my view, the compensation UKI's already paid to reflect Mr and Mrs S' trouble and upset is in line with our published approach to awards for distress and inconvenience. Our investigator has already shared a link to this guidance with Mr and Mrs S.

Overall, I sympathise with Mr and Mrs S' position because it's clear what a distressing situation they've been through. UKI's mistakes clearly compounded their upset at a difficult time. But on balance, I find that UKI has already paid them fair compensation in all the circumstances of this complaint.

My final decision

For the reasons I've given above, my final decision is that UKI has already settled this complaint fairly.

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

Lisa Barham
Ombudsman