

The complaint

Mr and Mrs Q complain because Inter Partner Assistance SA ('IPA') hasn't paid a claim under their travel insurance policy.

What happened

Mr and Mrs Q are insured under a single trip 'Super Plus' policy, provided by IPA.

Mr and Mrs Q were due to travel abroad but their airline cancelled their flight in advance. Mr and Mrs Q said their airline couldn't offer them new flights so they arranged these themselves, departing from and arriving to different airports a few days later than originally planned, in order to go ahead with their trip.

Mr and Mrs Q's airline refunded the cost of their cancelled flight and they made a claim with IPA for other additional and unused charges.

IPA declined the claim. It said the cancellation section of Mr and Mrs Q's insurance policy didn't cover costs which were recoverable from other sources. IPA paid Mr and Mrs Q £100 compensation for its failure to keep them proactively informed about the claim.

Unhappy, Mr and Mrs Q brought their complaint to the attention of our service. One of our investigators looked into what had happened. She said she didn't think the costs which Mr and Mrs Q were claiming for were covered under any section of their policy with IPA. However, she recommended that IPA should pay Mr and Mrs Q a fixed benefit payment for delayed arrival.

IPA didn't respond to our investigator's opinion, so the complaint was referred to me as the final stage in our process. I made my provisional decision about Mr and Mrs Q's complaint earlier this month. In it, I said:

'Industry rules set out by the regulator say that insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules into account when making my provisional decision about Mr and Mrs Q's complaint.'

Our investigator concluded that there's no section of Mr and Mrs Q's policy which covers the additional and unused costs they're claiming for. Under a strict application of the policy terms and conditions, this is correct. But my remit entitles me to depart from a strict interpretation of the contractual terms if I think it's fair and reasonable in the circumstances to do so – and I'm satisfied this is the case here.

Section 1 of Mr and Mrs Q's policy provides cover for certain costs if a trip is cancelled due to a number of insured reasons set out in the policy. One of these reasons applies here: where 'no suitable alternative public transport is provided within 12 hours of the scheduled time of departure following delay or cancellation of your public transport...'

Mr and Mrs Q's trip wasn't cancelled in its entirety – just their flights were. But, upon cancellation of their flights, Mr and Mrs Q would have been entitled to cancel their whole trip

and make what I think would have been a valid cancellation claim under their policy with IPA. This would have exposed IPA to a liability for paying for the entire cost of the unused trip.

Instead, Mr and Mrs Q tried to mitigate their losses and made alternative arrangements so they could continue with their trip as planned. I don't think it's fair or reasonable for Mr and Mrs Q to end up in a worse financial position because of this decision than if they'd made the choice not to travel at all.

IPA says that the costs which Mr and Mrs Q are trying to claim for are recoverable from elsewhere. IPA has provided no explanation as to why it believes this to be the case. I'm not aware of any obligation on either the airline in these circumstances to refund the costs Mr and Mrs Q are claiming for, or on the individual service providers to refund what seem to be stated to be non-refundable charges. And I wouldn't ordinarily think it's fair or reasonable for an insurer to require a policyholder to first make a claim with their credit card provider (if relevant) before pursuing a claim under their travel insurance policy. I haven't been provided with copies of the booking confirmations and amendments relating to this claim but, based on the information noted on IPA's file, I'm satisfied that these costs are more likely than not to be irrecoverable.

This means I think it would be fair and reasonable in the circumstances for IPA to treat Mr and Mrs Q's claim as covered under Section 1 of their policy, up to the maximum value of what a cancellation claim would have been if Mr and Mrs Q had chosen not to travel. If there's any subsequent dispute about the value of any claim payment due to Mr and Mrs Q then this would need to be the subject of a new complaint to IPA before our service would have the power to comment on it. And, for the avoidance of doubt, I don't think it would be fair or reasonable for Mr and Mrs Q to also receive a fixed benefit payment for delayed arrival from IPA in these circumstances. IPA's claim notes suggest it was arranging to make a fixed benefit payment to Mr and Mrs Q in October 2023. If this payment has already been made then I think IPA is reasonably entitled to deduct this from any claim settlement which it deems is due to Mr and Mrs Q.

It's clear from IPA's claims notes that there was confusion on its part about what section of cover the claim was being considered under, and I don't think it provided an adequate explanation to Mr and Mrs Q about why it was declining their claim. IPA has already acknowledged other service failings. Overall, I'm satisfied that the payment of £100 compensation which IPA has already made is fair and reasonable in the circumstances for the impact of its errors on Mr and Mrs Q.'

So, my provisional direction was for IPA to reassess Mr and Mrs Q's claim under the cancellation section of their policy, subject to the maximum value of what a claim would have been if they'd decided to cancel their trip.

Mrs Q, on behalf of herself and Mr Q, accepted my provisional decision but raised a number of additional queries. IPA also accepted my provisional 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.

Our investigator has addressed Mrs Q's questions about interest and additional compensation. I have no power to award interest on a direction to reassess a claim, and I'm satisfied that the payment of £100 compensation which IPA has already made is fair and reasonable in the circumstances.

It's for IPA to now reassess the claim. If IPA requires any reasonable additional information from Mr and Mrs Q over and above what has already been provided then it's entitled to request this.

Putting things right

Inter Partner Assistance SA must put things right by reassessing Mr and Mrs Q's claim under the cancellation section of their policy, subject to the maximum value of what a claim would have been if they'd decided to cancel their trip.

My final decision

My final decision is that I uphold Mr and Mrs Q's complaint against Inter Partner Assistance SA and I direct it to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Q and Mr Q to accept or reject my decision before 21 May 2024.

Leah Nagle
Ombudsman