

The complaint

Mr P has complained that Admiral Insurance (Gibraltar) Limited has only partially settled a claim he made on a travel insurance policy.

What happened

Mr P was due to go on a trip in December 2023 with three other family members. Unfortunately, his grandfather died just beforehand and so the holiday had to be cancelled. Admiral paid out on the claim. However, as it was only Mr P insured on the policy, Admiral only paid out a quarter of the amount being claimed for, that being Mr P's portion of the costs. However, Mr P says that he incurred all the costs for the trip himself and so he should be able to recoup the whole amount.

Our investigator thought that Admiral had acted reasonably in settling the claim in the way that it did, in line with the policy terms and conditions. Mr P disagrees with the investigator's opinion 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 Admiral by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for Admiral to handle claims promptly and fairly, and to not unreasonably decline a claim.

Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it's willing to cover and set these out in the terms and conditions of the policy document. The test then is whether the claim falls under one of the agreed areas of cover within the policy.

It is clear from the policy schedule that Mr P is the only policyholder.

Looking at the policy terms, under General Exclusions, it states:

'30. Paying costs for others

Any costs where you have paid for anyone not named or insured on this policy. This applies even where, for example, you have paid for another person's travel or accommodation costs.'

It is clear from this that Admiral does not want to provide cover for anyone not named on the policy, which extends to not providing cover for any costs that the policyholder may have incurred on behalf of others.

Mr P says that in a call on 29 December 2023, the adviser told him that travel costs that were considered gifts would be covered under his policy. I've listened to the call recording and the adviser is essentially saying that they would accept claims where it was the policyholder that had been gifted the cost of a trip. He says this by way of explaining that the other three travel companions should be able to make claims on any travel insurance policies they have, even though they hadn't paid for the trip.

It is clear that Mr P understood at that time that the settlement would only be for 25% of the claim amount, because the conversation continues with Mr P asking how he can challenge the decision, and that he would wait for the official settlement figure to come through before doing so.

I have a great deal of sympathy for Mr P's situation. I'm sorry for his loss, and it would be stressful to have to make a claim and then a complaint at such a time. However, the matter at hand here is whether the full amount being claimed for is covered under the policy terms – and unfortunately it is not.

There's been some discussion between Mr P and our investigator about Admiral's discretion to depart from the policy terms. But that isn't relevant here because Admiral didn't depart from the policy terms and it made no such commitment in the phone call of 29 December 2023.

I've thought very carefully about what Mr P has said, but overall, I am satisfied that Admiral assessed the claim correctly and offered the correct settlement amount, in line with the policy terms and conditions.

My final decision

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 8 July 2024.

Carole Clark
Ombudsman