

The complaint

Mr J has complained that Astrenska Insurance Limited mis-handled a claim he made on a travel insurance policy.

The complaint involves the actions of the claim administrators, acting on behalf of Astrenska. To be clear, when referring to Astrenska in this decision I am also referring to any other entities acting on its behalf.

What happened

Mr J went on a trip abroad with his partner on 4 May 2023, with a scheduled return date of 13 May 2023. He unfortunately became seriously ill and had to be hospitalised on 8 May 2023. He stayed in hospital for 18 nights, eventually flying home on 26 May 2023. He therefore made a claim under the 'Emergency Medical and Associated Expenses' section of the policy.

The holiday had been booked as a package via an airline. Astrenska requested proof that Mr J hadn't received any refund from the airline for the 'unused portion' of his trip. Mr J had difficulty in obtaining this from the airline. Additionally, he queried why it was needed as he wasn't claiming for any unused portion of the trip, the holiday having been completed without an early return home. His claim was only for the additional expenditure incurred from 13 May 2023 until their return home on 26 May 2023. He therefore made a complaint about this issue and how it was unnecessarily delaying the claim.

Astrenska sent its complaint final response letter (FRL) on 5 October 2023. It said that it needed the information from the airline to validate the claim, which was still outstanding, so it wasn't responsible for any delay. Therefore, it didn't accept that there had been any mis-management of the claim process.

Mr J had continued to try and obtain the requested information and the airline finally provided it in November 2023. The claim was then settled on 27 November 2023, with a payment amount of £5,654.50.

However, further to its earlier FRL, Astrenska then wrote to Mr J again on 27 December 2023 to say that the claim outcome had been incorrect and that he'd received an overpayment of £1,539.70, which it was asking him to return. But, in acknowledgement of the error that occurred, it was offering him £100 for the inconvenience caused. So he was only being asked to return £1,439.70.

As I understand it, it then paid the £100 compensation into his bank account. Our investigator didn't uphold the complaint. She thought it was reasonable for Astrenska to ask for a return of monies paid in error and that £100 was a fair amount to compensate Mr J for any distress and inconvenience.

Mr J 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 Astrenska by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for Astrenska 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.

Insurers are entitled to ask for relevant evidence to verify a claim and it is common to ask if a policyholder has received any payments or refunds from other sources. I understand that Mr J was never claiming for an unused portion of the trip. However, there was a possibility that the airline might have made a refund of part of the package due to Mr J's hospitalisation.

Mr J thinks that Astrenska should have contacted the airline itself. However, overall, I consider it was reasonable for Astrenska to ask him to obtain proof that no refund had been received.

I can see the lengths that Mr J went to in trying to obtain that information. It must have been extremely frustrating that the airline seemed incapable of responding to a simple request over such a long period of time. However, Astrenska is not responsible for the actions of the airline. And the claim was paid out within a reasonable time after the information was received.

Astrenska paid out for costs that were covered under the policy, such as medical invoices and hospital benefit. And it paid the accommodation costs for Mr J's partner to remain with him beyond their scheduled return date.

However, it seems clear that some amounts were paid in error due to not being covered under the policy terms. For example, a curtailment amount for five nights unused accommodation was paid, whereas Mr J's partner was staying in the hotel during that time, which was within the period of their planned trip. Astrenska also incorrectly paid for medication for his partner that she ran out of due to the extended stay abroad. Mr J has said himself that some of what it is asking to be returned seems sensible.

Mr J has queried the return of the taxi fares because he says his partner incurred these costs when collecting his medication. However, Astrenska says the receipts only show travel to and from the hospital.

Based on the available evidence, I'm satisfied that it is reasonable for Astrenska to rely on the information it currently has, to ask for the return of an overpayment of £1,539.70. If Mr J is unhappy with the final settlement amount, such as the taxi fares not being paid out, he would need to make a new complaint to Astrenska to allow it the opportunity to respond in the first instance.

I do have sympathy for Mr J's situation. He was very unwell and he is still suffering from the after effects of his illness now. And on top of that he had to go through a lengthy claims process which resulted in him being asked to return a large part of the settlement amount.

So, I can understand why he would feel that he should receive a higher amount of compensation. However, as an alternative dispute resolution service, our awards are more modest than he might expect. Overall, I'm satisfied that Astrenska's offer of £100 is fair and reasonable for the distress and inconvenience caused. It follows that I do not uphold the complaint.

My final decision

For the reasons set out above, I do not uphold the complaint. It was reasonable for Astrenska Insurance Limited to request a return of the overpayment and to offer £100 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 5 December 2024.

Carole Clark
Ombudsman