

The complaint

Mr and Mrs O complain about how AWP P&C SA ("AWP") dealt with a claim they made on their travel insurance policy.

Although the policy is in both Mr and Mrs O's name I will refer to Mrs O throughout my decision since she brought the complaint to this service.

What happened

Mrs O has a travel insurance benefit through her bank account. She pays a monthly fee which provides her with a number of benefits including travel insurance.

While on holiday in August Mrs O lost her glasses so she made a claim on her policy. Mrs O provided AWP with the documentation it requested in order to validate her claim. Mrs O says she had to chase AWP on numerous occasions in order to get an update.

In September 2023 AWP contacted Mrs O to confirm it would accept her claim. AWP requested an up-to-date valuation of her glasses which Mrs O provided. She then chased again but didn't hear anything. So she complained.

In October 2023 Mrs O was told she would need to pay the excess and there would be a deduction for depreciation since her item was over two years old. But she says she wasn't made aware of this previously. On 30 October 2023 AWP said her complaint would be upheld. The following day Mrs O received an email from AWP saying her complaint wasn't going to be upheld. Mrs O says in the end she purchased her own glasses since she wasn't able to be without them and found AWP so difficult to deal with.

Mrs O wasn't happy with the level of service she received, or with the fact that she wasn't told her excess would be deducted from her settlement until two months after she made her claim.

AWP apologised for the delays in the handling of the claim. It said Mrs O was due to pay her excess as per the terms of the policy. It said it transferred £151.10 in settlement of her claim. Mrs O wasn't happy with the response from AWP so she referred her complaint to this service. One of our investigators looked into things for her. He thought Mrs O received a poor standard of service from AWP because it failed to provide a reasonable settlement, in line with the terms of the policy. He said the policy terms confirmed claims would be considered on a new for old basis provided the item was less than two years old at the date of the incident and the original purchase receipt could be provided. So he said AWP should refund the amount deducted £96.90 and add 8% simple interest on the amount, plus £100 for the distress and inconvenience caused.

AWP didn't respond to the investigator's view and so the complaint has been referred to me for review.

My provisional decision

I recently issued a provisional decision setting out my thoughts on the key complaint points and how I thought matters might best be resolved. I said;

"Whilst I'm very sorry to disappoint Mrs O, I think it was fair for AWP to deduct the excess and apply a depreciation to her glasses, and I'll explain why."

It's clear Mrs O feels strongly about the matter and feels let down by the service she has been provided. I'd like to reassure her that I've considered all the information from both parties when coming to my decision.

Claim settlement

The policy documents form part of the insurance contract and set out what is and isn't covered. So, my starting point is the policy which sets out how claims will be settled.

In the section titled, 'What is covered.' It says, "In the event of accidental loss, theft or damage during your trip, we will pay up to £2,500 in total for your baggage." The policy goes on to say, "Claims will be considered on a 'new for old' basis provided the item is less than 2 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, tear, and depreciation."

Mrs O's glasses were purchased in July 2020 and she raised her claim in September 2023. So her glasses were over two years old and therefore AWP was entitled to apply a depreciation under the terms of the policy.

Deduction of excess

The policy defines excess as, "the amount an insured adult has to pay when they make a claim. The amount is set out in the 'summary of cover' section." That says £75 applies to claims made under the baggage and baggage delay section of the policy. This means Mrs O's excess is always payable where she is making a claim on her policy. Terms like these are commonly used in the industry and I think its use here is fair.

The policy stipulates, "under most sections of the policy, claims will be subject to an excess. This means each insured adult will be responsible for paying the first part of each and every claim per incident, unless the additional premium has been paid to waive the excess."

I haven't seen anything to suggest Mrs O has paid an additional premium to waive the excess. And I think the policy wording is clear that she will need to pay it for any claim made. So, the excess will apply to any claim made on the policy. I can't say AWP acted unreasonably or outside the terms of the policy for deducting the excess from Mrs O's settlement.

I do understand Mrs O's frustration at not being fully reimbursed for the cost of her glasses when that is what she was expecting. And that she wasn't aware that an excess would also be deducted from the settlement. I can appreciate her disappointment when she learned they'd both been applied.

But I am not able to compel AWP to reimburse the excess or depreciation since they are set out in the terms of the policy. And so, I can't say AWP acted unfairly or outside the terms of the policy in its handling of Mrs O's claim.

Customer Service

Mrs O first raised her claim in September 2023 and chased for updates on 18 and 19 September 2023. AWP requested further information, which Mrs O provided, but I can see she had to chase on a number of occasions. Mrs O's settlement was processed on 17 October 2023. Mrs O asked why she was being charged an excess and depreciation but I can't see AWP ever provided responses to her queries. So I think all of this would have been frustrating for her.

I know my answer will be disappointing for Mrs O but overall I think AWP has acted in line with the policy terms and conditions and handled the claim in a fair and reasonable manner. However I have also seen that the service Mrs O received wasn't at the level I would have expected."

I invited both parties to let me have any further comments they wished to make in response to my provisional conclusions.

Response to my provisional decision

AWP said it had no additional comments to add. Mrs O didn't provide any further comments.

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.

In light of the fact that neither party provided any additional evidence or information following receipt of my provisional decision (which I've reproduced here and which forms part of this final decision), I'm satisfied it represents an appropriate way to resolve the dispute.

Putting things right

I've carefully considered the information provided and looked at what happened. I agree that AWP could have provided better information, especially since Mrs O expected she would receive the full amount for her glasses. But as it stands the deductions AWP made from the settlement were in line with the terms of the policy. Our investigator recommended AWP pay Mrs O £100 to reflect the inconvenience caused by its handling of the claim. I'm satisfied £100 is a fair and reasonable amount to recognise the trouble and upset Mrs O has experienced. So I direct AWP to pay this.

My final decision

For the reasons explained above, I'm partially upholding Mrs O's complaint and direct AWP P&C SA to pay Mrs O £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D and Mr O to accept or reject my decision before 7 June 2024.

Kiran Clair
Ombudsman