

The complaint

Mr M complains that Inter Partner Assistance SA didn't settle his travel insurance claim in full.

What happened

Mr M booked a villa for himself and family members and paid for it. Unfortunately, shortly before the trip a close family member died and the trip was cancelled. Mr M claimed on his travel insurance policy.

IPA accepted the claim but said that they would only pay £158.19 as the accommodation was for seven guests. Mr M complained but IPA maintained the settlement was in line with the policy terms and conditions. Unhappy, Mr M complained to the Financial Ombudsman Service.

Our investigator looked into what happened and upheld the complaint. He didn't think the policy terms excluded circumstances where Mr M had paid for the accommodation on behalf of others. He recommended that they settled the claim in full, up to a maximum of £6000. He also thought they should pay 8% simple interest.

Mr M accepted the investigator's recommendations. IPA didn't respond to the recommendations or subsequent correspondence from our investigator. So, the complaint was passed to me to make 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.

The relevant rules and industry guidelines say that IPA has a responsibility to handle claims promptly and fairly. And they shouldn't reject a claim unreasonably.

The policy terms and conditions say:

We will pay you up to £6,000 for your proportion only of any irrecoverable unused travel and accommodation costs (including excursions up to £250) and other pre-paid charges which you have paid or are contracted to pay, together with your proportion only of any reasonable additional travel expenses incurred if cancellation of the trip or one-way trip is necessary and unavoidable as a result of any of the following events:

1. The death, bodily injury, illness, disease, or complications of pregnancy of:
 - a. You.
 - b. Any person who you are travelling or have arranged to travel with.
 - c. Any person who you have arranged to stay with.

- d. Your close relative.
- e. Your close business associate.

IPA accepted there was a valid claim under the policy. So the issue is whether the settlement is fair. I don't think it is because:

- I'm satisfied that Mr M's proportion of the unused and irrecoverable accommodation costs was the full cost of the villa not the £158 IPA has offered. I'm persuaded by the evidence he's provided, including his testimony, that he booked the accommodation for the other members of the party as a gift.
- IPA hasn't provided any response to our investigator's recommendation or any further evidence in support of their position.
- IPA hasn't highlighted or relied on any exclusion in the policy which, for example, excludes holidays paid for as a gift or on behalf of others.
- In their final response letter IPA said the policy limit was £1000 for cancellation. But, the policy documents they provided refer to £6000 and they haven't provided any explanation to support that £1000 is correct. Therefore, on balance, I'm persuaded that £6000 is most likely to be the correct figure as that's what appears in the policy documentation IPA relied on in their file submission.

Putting things right

Within 28 days of Mr M confirming that he accepts my decision I direct IPA to put things right by:

- Settling the claim up to the policy limit of £6000 and in line with any other relevant policy terms (such as excess payments);
- Paying Mr M 8% simple interest per annum from one month after the claim was made to the date of settlement. If IPA considers that they are required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr M how much it's taken off. They should also give Mr M a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

I understand that Mr M was able to recover £800 back from the accommodation provider. So, Mr M should only be reimbursed his outstanding costs.

My final decision

I'm upholding this complaint and direct Inter Partner Assistance SA to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 July 2024.

Anna Wilshaw
Ombudsman