

The complaint

The estate of the late Ms H has complained that Chaucer Insurance Company Designated Activity Company ('Chaucer') didn't pay the costs agreed for a travel companion.

What happened

The late Ms H had a travel insurance policy, underwritten by Chaucer. She travelled abroad with her daughter, Mrs H, but unfortunately became unwell and passed away in hospital, a few days into the trip.

Ms H's executor (her other daughter) called Chaucer to inform them of the death and asked whether her brother, Mr H, could take over from Mrs H who was with their mother, and become the travel companion.

Chaucer confirmed Mr H could take over from Mrs H and arranged the repatriation.

Chaucer paid the medical expenses and Mrs H's costs. But it declined Mr H's costs as it said the policy only covered one travel companion.

The estate complained as Chaucer had told the executor and Mr H that his costs would be covered if he took over from Mrs H as the travel companion to make arrangements for the repatriation.

Unhappy with Chaucer's response, the estate referred its complaint to the Financial Ombudsman Service.

Our investigator looked into the complaint but didn't uphold it. The estate asked for an Ombudsman's review and so the case has been passed to me.

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.

My provisional decision dated 16 May 2024 was sent to both parties for comment. Chaucer didn't reply and Mr H confirmed he had nothing further to add so I see no reason to depart from my provisional findings, copied below, which I now adopt as my final decision.

I don't think Chaucer has acted fairly. I'll explain why.

- The relevant rules and industry guidelines say an insurer should handle claims promptly and fairly. And shouldn't unreasonably reject a claim.
- The policy terms under Section b1 provide cover for: *"Reasonable additional travel, accommodation and repatriation costs for or by you and for any one other person who is required for medical reasons to stay with you, to travel to you from within your home country or to travel with you."*

- Under Section b3 – curtailment/loss of holiday, the policy says:
“For each insured person this insurance will pay: under your selected cover option, as specified in your Policy Schedule...for your proportion of...pre-paid excursions...loss of accommodation...either your pre-booked return travel costs, or the cost of your curtailment travel costs, whichever is the greater, that are directly related to your trip, which you have paid and cannot get back...due to you having to curtail your trip because...you, or anyone insured on this policy, or a travelling companion, became ill, were injured or died during your trip...”
- Loss of holiday is defined as “...the number of days you are confined to a hospital, hotel room or cabin on your treating doctor’s order and are unable to participate in your planned trip, due to death, serious injury or illness.”
- I have listened to the calls the executor made to Chaucer to ask whether Mr H’s costs would be covered as a travel companion. The executor made it very clear that Mr H would be taking over from Mrs H. Chaucer confirmed that Mr H’s costs would be covered and that he could take over from Mrs H.
- The terms allow for costs under section b1 for a travel companion. Chaucer declined Mr H’s claim on the basis that the terms only allow costs for one other person. I don’t think the term prevents two different people acting as a travel companion if they do so at different times. But even if Chaucer says the terms prevent two different people acting as a travelling companion at different times, it provided clear confirmation that if the initial travel companion came home, Mr H could ‘replace’ her and act as the companion. In addition, Chaucer is still only paying the costs it would have done had Mrs H remained abroad. It isn’t paying two lots of the same costs. It would have had to pay Mrs H’s additional costs had she remained.
- Mr H relied on the advice and information given by Chaucer. Chaucer is responsible for the costs incurred by Mr H. If it had told him his costs wouldn’t be covered or that he couldn’t ‘take over’ from Mrs H and become a travelling companion, he may have returned home sooner and Mrs H could have remained.
- Curtailment/loss of holiday – Chaucer said it couldn’t consider curtailment costs for the late Ms H’s repatriation/return flight but it isn’t clear whether a loss of holiday was considered or paid for the late Ms H. If a loss of holiday wasn’t considered under section 3b, this should be reassessed and confirmation provided to the executor. The late Ms H did lose the majority of her holiday (cruise costs) as set out in the terms and so her holiday was effectively curtailed when she was admitted into hospital. She made no use of the cruise after that.

My final decision

For the reasons set out above, I uphold this complaint and direct Chaucer Insurance Company Designated Activity Company to:

- Re-assess a claim for loss of holiday for the late Ms H from the date she left the cruise, if this hasn’t already been done.
- Pay Mr H’s costs in line with the remaining terms and conditions, plus 8% simple interest calculated one month after the date of his claim, to the date of settlement.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs H and Mrs L and the estate of Ms H to accept or reject my decision before 5 July 2024

Shamaila Hussain
Ombudsman