

## **The complaint**

Mr and Mrs H have complained that Euroins AD declined a claim they made on a travel insurance policy. They have also complained about poor claims handling.

## **What happened**

Mr and Mrs H took out the annual travel insurance policy in March 2022. In September 2022 they booked a holiday, which included some time on a cruise, that was due to start on 9 February 2023. Unfortunately, Mrs H's mother (Mrs C) became unwell in December 2022 and died on 30 January 2023. Mr and Mrs H therefore had to cancel their holiday and they subsequently made a claim on the insurance policy.

Euroins initially declined the claim on the basis that Mr and Mrs H hadn't purchased the optional cruise package upgrade, although it had said in its final response letter that the claim would have been declined anyway, due to Mrs C's death being due to a pre-existing medical condition.

Following liaison with this service, Euroins agreed to consider the claim for the non-cruise related elements of the trip. However, it then maintained its declination on the basis that Mrs C had died from a cause indirectly linked to her pre-existing medical condition.

Our investigator upheld the complaint and recommended that Euroins should pay the claim, plus 8% interest, as well as £200 compensation for distress and inconvenience.

I wrote a provisional decision earlier this month in which I explained why I thought that outcome wasn't quite right. I concluded that Euroins was wrong to decline the claim because it didn't have enough information to do so. However, I thought that a fairer outcome would be to require Euroins to reassess the claim based on the relevant medical evidence. However, I agreed that it should pay £200 for distress and inconvenience.

Mr and Mrs H made some comments in response to my provisional decision that I will address below.

## **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 Euroins by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for Euroins to handle claims promptly and fairly, and to not unreasonably decline a claim.

As I said in my provisional decision, 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.

In response to my provisional decision, Mr and Mrs H said that, after being told they didn't have cruise cover, they asked Euroins to consider the non-cruise elements of the claim, which it refused to do. That was wrong, put them through months of stress, and Euroins then changed its mind about that after the complaint came to this service.

I had considered that information before. As I said in my provisional decision, the claims handling could have been managed better. I could have worded that more strongly, as there is no doubt that Mr and Ms H were put through unnecessary delays that caused them stress. However, the amount of £200 for distress and inconvenience is intended to address that point.

The crux of the matter is still that Euroins would have declined the claim in its entirety anyway, even if they had purchased cruise cover, because it concluded that the reason for cancelling the trip was as a result of a pre-existing medical condition that Mrs C had. The policy terms state:

**'NON-TRAVELLING RELATIVES**

*This policy will NOT cover any claims under Cancellation or Curtailment arising directly or indirectly from any medical condition known to you prior to the start of your period of insurance, and before booking your trip affecting any close relative, travel companion, or person you are going to stay with on your trip if:*

- *a terminal prognosis had been received; or*
- *if they were on a waiting-list for, or had knowledge of the need for, surgery, inpatient treatment or investigation at any hospital;*

*or if during the 90 days immediately prior to the start of the period of insurance they had:*

- *required surgery, inpatient treatment or hospital consultations; or*
- *required any form of treatment or prescribed medication.'*

Again, as mentioned in my provisional decision, Mr and Mrs H were aware that Mrs C's had been diagnosed with a medical condition in 2016. But, as far as they knew, she was managing the condition well. So, at the time of taking out the insurance, they had no reason to believe that she would become seriously ill.

The medical condition in question was listed as a secondary cause of death. The GP has also said that it started as an escalation of the pre-existing medical condition that then developed into the primary cause of death. So, based on the available evidence, I'm satisfied that the reason for having to cancel the holiday stemmed indirectly from a medical condition known about at the start date of the policy.

The question then is whether any of the four bullet pointed conditions set out in the above clause also apply.

Euroins relied on the last one to decline the claim – namely that Mrs C had been prescribed medication in relation to her pre-existing condition during the 90 days immediately prior to the start of the policy.

When completing the medical report, against the question: '*Is regular medication taken for this condition?*', the GP has ticked 'No'. Mr and Mrs H say the answer should be taken at

face value to conclude that Mrs C wasn't on any medication. In response to my provisional decision, they say that the GP's answers are clear.

I still think that there is some ambiguity that needs to be cleared up. It seems possible that the GP's answer related solely to the conditions listed immediately above the question, which are the primary causes of death, as opposed to the pre-existing medical condition. So, I think this requires further investigation.

There is a document setting out the list of medications that Mrs C was taking. However, this only covers the period from mid-December 2022. Some of the medications are noted as being on repeat prescription. So, whilst it appears that she had been on medication prior to that date, there is no information about what periods she was prescribed it.

For the purposes of assessing the claim, the relevant period is 90 days prior to Mr and Mrs H purchasing the policy on 3 March 2022. As I understand it, Euroins haven't seen any evidence pertaining to what medication, if any, Mrs C was prescribed at that time. Just because she was diagnosed with the condition in 2016, that does not necessarily mean that she was continuously on medication from then onwards.

I said in my provisional decision that I thought Euroins had acted unfairly because it didn't have enough information to decline the claim. It appears to have assumed that, because Mrs C was on medication in December 2022 that would usually be used to treat the condition, that she was also on this medication during the 90 days prior to the policy being taken out. It should have sought out more information about this point to fully assess the claim.

In response to my provisional decision, Mr and Mrs H said that Euroins have had plenty of opportunity to ask for more information. They feel that they have complied with all requests and so a line should be drawn under the matter.

I agree that Euroins should have asked for more information before finalising the claim. I also agree that Mr and Mrs H have complied with everything they've been asked to do. But I can't agree that, because of those things, and because of the time it's taken, I should conclude that it would be fair to require Euroins to settle the claim in the way that our investigator suggested. Despite the poor claim handling, Euroins would only need to pay the claim if the circumstances fall within the cover provided by the policy.

I've thought very carefully about what Mr and Mrs H have said, and my sympathies remain very much with them. However, overall, I see no reason to overturn the outcome I reached in my provisional decision.

So, I still consider that Euroins should re-assess the non-cruise element of the claim. To do so it would need to request the medical evidence to clarify the situation during the 90 days before the policy start date, to determine if the circumstances are covered under the policy terms. If Mr and Mrs H are unhappy about how the claim has been reassessed, they would be able to make a new complaint about that.

My view also remains the same that £200 is reasonable compensation for the distress and inconvenience caused. I appreciate that Mr and Mrs H probably won't feel this is sufficient. However, as an alternative dispute resolution service, our awards are more modest than they might expect.

### **My final decision**

For the reasons set out above, I uphold the complaint. Euroins AD should reassess the non-cruise related element of the claim based on the relevant medical information. It should also pay Mr and Mrs H £200 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 25 July 2024.

Carole Clark  
**Ombudsman**