

The complaint

Mr and Mrs S have complained that AMERICAN INTERNATIONAL GROUP UK LIMITED (AIG) quoted a large additional premium amount on a joint annual travel insurance policy after Mr S informed it that he had a cough.

As it is Mr S leading on the complaint, I will mostly just be referring to him in this decision.

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

What happened

Mr and Mrs S had an annual policy covering the period 13 April 2023 to 12 April 2024. Additionally, they had already arranged and paid for a renewal beginning on 13 April 2024.

Mr and Mrs S were due to go on a seven-day trip abroad, starting on 31 March 2024. On 28 March 2024 Mr S rang his insurance broker to explain that he'd had contact with his GP surgery that day due to having a cough, for which he was prescribed antibiotics.

The broker started to run a new medical screening for Mr S, however, his type of basic cough didn't fit into any of the available options. So, she put Mr S on hold whilst she discussed with AIG how to proceed. It was discussed that the cough was likely more of a symptom of the condition that Mr S had been prescribed antibiotics for, so the broker should try to find out what the underlying cause of the cough was, if known.

When speaking to Mr S again, the broker set out what she's just been told. Mr S described his condition as being a cough that had got into his chest, causing him to bring up phlegm. Therefore, Mr S agreed that the condition could be run through the screening as a chest infection.

Having done that, the system then brought up a quote for an additional premium of just over £800. The broker was unsure about that outcome so, without telling Mr S the reason, she said she'll need to go on hold again.

The broker then spoke with AIG again. It was explained that, because it is an annual policy, the system is calculating a higher amount and not factoring in that the policy period only has a short time left. AIG says it might need to look for an alternative, such as setting up a single trip policy and that, given the scenario, it would be worth talking to the underwriters to see what could be done. Therefore, AIG then starts a referral to the underwriter.

The broker returns to speak to Mr S and explains that the underwriters will review the matter and whether an alternative such as a single trip policy could be offered as, based on the annual rating, the premium was coming out at over £800.

At that point Mr S says he'll pass on the whole thing and that he's not going to pay for a single premium policy when he already has an annual policy. He says he'll keep the current

policy in place and run the risk that nothing happens regarding his cough whilst he is away. However, he then explains that he'd like to cancel his renewal to receive a refund. The call ends with Mr S saying that he'll be contacting the Ombudsman.

As far as I'm aware, the refund of the renewal premium was processed without issue.

Our investigator didn't think that AIG had done anything wrong because it was entitled to make its own commercial decisions on the risks it was willing to cover and the price of that cover. And there was no evidence that it had treated him differently than it would have treated anyone else in the same scenario.

Mr S 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 listened to the call that Mr S had with the broker, and that the broker had with AIG, and set out the contents in the background section above.

Mr S is very unhappy that he was being asked how he got the cough, which he took to be a stupid question, as who would know where they had caught a cough or a cold. I can understand his annoyance with this line of questioning because, from his point of view, he merely had a minor cough that he probably wouldn't have bothered seeing anyone about if he hadn't imminently been going on holiday.

However, Mr S had been prescribed antibiotics, which aren't always given for coughs as they do not help with viral infections, only bacterial infections. So, there must presumably have been some rationale for them being prescribed in this instance. He was asked if he could find out from the surgery about what condition the antibiotics had been prescribed to resolve, but he didn't think the surgery would be able to give a definitive answer.

I empathise with Mr S's position and understand his frustration. However, on balance, I consider it was reasonable that he was asked a few more questions to try and find out if there was a known underlying reason for the cough, such as a chest infection, that would explain why he had been prescribed antibiotics.

Our investigator has explained that businesses are entitled to make their own commercial decisions. And we have no powers to direct businesses to change their processes or procedures.

Understandably, Mr S was not happy with a quote coming out at over £800. However, the quote was not that high because he didn't know how he'd got the cough. Firstly, it was because the calculation was being made on the full annual policy period, rather than on just the short remainder of the current policy. Secondly, the condition was technically high risk as it was undiagnosed and was unresolved (as Mr S would still be on the medication at the point of beginning the trip).

The quote that was generated was based on a standard set of criteria and was dependent on the type of policy (annual) and the answers Mr S gave during the new medical screening that he undertook. It's reasonable for AIG to use such systems in general to calculate risk. I think it's probably fair to say that the system wasn't nuanced enough to take into account Mr S's particular circumstances in this instance. However, I can't agree with Mr S that AIG

was trying to profiteer from the current state of the NHS. That's because the quote of £800 wasn't AIG's final word on the matter.

When the broker spoke to AIG, there was an immediate recognition that the quote generated by its systems probably wasn't an appropriate outcome. So, AIG was then looking to see what else could be done to try to accommodate Mr S, which meant referring the issue to the underwriter.

When the broker went back to Mr S - explaining the quote, explaining that the insurer was having to review this with the underwriter, and that an option might be to arrange a single trip policy - he declined to engage with the process further at that point. I understand why he didn't want to carry on with it and why he didn't want to potentially pay for another policy on top of his existing policy. But actually, it is unknown what the underwriter's ultimate decision would have been and what additional amount, if anything, Mr S would have been asked to pay.

Based on the available evidence, I'm unable to conclude that AIG did anything wrong in the way it responded to information he provided about his cough.

Mr S is also unhappy with a couple of things AIG has said in its complaint final response letter (FRL).

It mentioned that Mr S had spoken with his GP, whereas Mr S actually spoke with a nurse. I think the use of 'GP' is likely just shorthand for 'GP surgery', which is a common place thing to do. For example, early in his conversation with the broker, Mr S says: *'if I hadn't been going away on Sunday, I probably wouldn't have even contacted the doctor'*, although in the more in-depth conversation that follows on later, he clarifies that it was actually a telephone call with a nurse.

The FRL says that Mr S was presented with his available options, including a referral to see if a pro-rata refund could be made for the remaining time on cover. Whilst this was potentially one of the options open to Mr S, it is inaccurate to say that this was presented to him. Having listened to the phone calls, I haven't heard that being mentioned to him. However, whilst that sentence in the FRL was made in error, I'm not persuaded that the complaint investigation was fundamentally flawed. In the event, Mr S couldn't have opted for a pro-rata refund because, as I understand it, he kept the existing policy in place as cover for his trip, on the understanding that only issues arising from his cough would not be covered.

I've thought very carefully about what Mr S has said. However, whilst I know it will be disappointing to him, I'm satisfied AIG was fair and reasonable in its response to his declaration of having a cough.

My final decision

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 24 December 2024.

Carole Clark
Ombudsman