

The complaint

Mrs M has complained that Euroins AD has only partially settled a claim she made on her annual travel insurance policy.

What happened

Mrs M was on a seven-day trip abroad in September 2023 when, after two nights, she unfortunately became ill and had to be hospitalised. Part of Mrs M's claim was for the five nights of hotel accommodation that she didn't use. Euroins declined to settle that cost on the basis that it was not covered under the policy terms.

Our investigator thought that it would be fair and reasonable for Euroins to pay this part of the claim. Euroins disagrees 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 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.

Euroins said that Mrs M would only have been covered for her unused hotel costs if she'd had to return to the UK earlier than planned. However, in this case, she had not returned home early.

Looking at the policy terms, it states:

'We will pay you up to the amount shown in the summary of cover for the unused portion of your travel and accommodation costs that you have paid or contracted to pay if you cannot get a full refund if you cancel before the start of your trip or cut your trip short and return home early during the period of insurance because of the following....'

It is the case that cover under the curtailment section of a policy usually requires the policyholder to have returned home in advance of their scheduled return date, due to medical reasons. Thereby, on a strict interpretation of the policy wording, the claim may not be covered.

However, I can depart from a strict application of the contract terms if I conclude they produce an unfair result.

Given the particular circumstances Mrs M found herself in – being confined to hospital as an in-patient – she didn't get to benefit from her holiday as intended. So, even though Mrs M remained abroad, I consider it would be reasonable for Euroins to treat the trip as having effectively been cut short from the point that she was admitted to hospital.

Putting things right

Euroins should put things right by:

- Settling the claim under the curtailment part of the policy by paying the cost of the five unused days of hotel accommodation.
- It should also add 8% simple interest from the date of the previous claim settlement payment to the date the new settlement is made. †

† HM Revenue & Customs requires Euroins to take off tax from this interest. Euroins must give Mrs M a certificate showing how much tax it's taken off if she asks for one.

My final decision

For the reasons I've explained, I uphold the complaint and require Euroins AD to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 29 November 2024.

Carole Clark
Ombudsman