

The complaint

Mr and Mrs P have complained that AWP P&C S.A. hasn't fully settled a claim they made on a travel insurance policy.

What happened

Mr and Mrs P were on a trip abroad in April 2024 when Mr P became unwell and had to attend hospital. They paid for the treatment upfront and subsequently made a claim on the policy for a refund of the medical expenses. The cost of the treatment was £1,457.74, which AWP settled in full, less the policy excess. However, as the payment was made using a credit card, they were charged a foreign exchange conversion charge of £40.09, which Mr and Mrs P believe AWP should also pay.

I wrote a provisional decision last month in which I explained why I was thinking of upholding the complaint and giving the parties the opportunity to comment further.

AWP said it had nothing further to add. Mr and Mrs P were happy with the proposed outcome.

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

I've also considered the Financial Conduct Authority's overarching Principles for Businesses. That includes Principle 12 of the Financial Conduct Authority's Principles for Businesses ('the Consumer Duty') which says a firm must act to deliver good outcomes for retail customers (such as acting in good faith and avoid causing foreseeable harm).

Looking at the policy terms, they state:

'We will pay you up to £10million for the following expenses which are necessarily incurred within 12months of the incident as a result of your...

- 1. Emergency medical, surgical, hospital, ambulance and nursing fees and charges incurred outside your home country.'*

As I mentioned in my provisional decision, had Mr and Mrs P opted to pay the bill in sterling (if they were given that choice), the transaction would have appeared as one item on the credit card statement and it was therefore likely that AWP would have settled that as being the cost of the medical treatment, less the excess. Therefore, I didn't think they should be disadvantaged due to paying in the local currency.

I also said, regardless of that, I was persuaded by Mr and Mrs P's argument that the amount was essentially part and parcel of the cost of the medical treatment. Therefore, it was a cost that was necessarily incurred, as set out under the policy terms.

Overall, I considered it would be fair and reasonable for AWP to cover this cost.

As neither party made any substantive comments in response, I see no reason to depart from the conclusions reached in my provisional decision. It follows that I uphold the complaint.

Putting things right

AWP should put things right by:

- Paying the foreign exchange conversion charge of £40.09
- Add 8% interest to that amount from the date that the rest of the claim was settled until the date it is paid.†

† If AWP considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs P how much it's taken off. It should also give them a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons I've explained, my final decision is that I uphold the complaint and require AWP P&C S.A. to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 10 January 2025.

Carole Clark
Ombudsman