

The complaint

Miss D complains about the way Astrenska Insurance Limited trading as Collinson Insurance handled a medical expenses claim she made on a travel insurance policy and about its refusal to extend the policy term.

Miss D's represented by Mr D.

What happened

The background to this complaint is well-known to both parties. So I've simply set out a summary of what I think are the key events.

On 28 November 2022, Miss D took out a 'Backpacker Lite' travel insurance policy to provide cover between 29 November 2022 and 28 November 2023. The policy covered three people. Miss D travelled abroad.

On 23 November 2023, Mr D got in touch with Astrenska on Miss D's behalf. He let Astrenska know that Miss D had a potentially serious medical concern and would be making a doctor's appointment. He wanted to know whether the claim would be covered. He also asked whether the policy term could be extended.

Astrenska told Mr D that the policy term couldn't be extended but it indicated that a medical expenses claim would be covered because the policy was still in force. Astrenska tried to get in touch with Miss D to get a medical report before the policy ended but couldn't get through. Cover ended on 28 November 2023.

The next day, Mr D let Astrenska know that Miss D hadn't yet seen a doctor. On 6 December 2023, he told Astrenska that Miss D would be seeing a doctor on the following day and asked what information she would need. Astrenska told Mr D that Miss D would simply need to tell the doctor she was using insurance to cover her costs.

Miss D saw a doctor on 7 December 2023 and made a claim on the policy for her medical expenses.

But on 12 December 2023, Astrenska turned down the claim. That's because it didn't think the doctor's appointment had been needed as an emergency and because the expenses had been incurred after the policy term had ended. It also stated that the UK had a reciprocal medical agreement with the country Miss D was in, which would have covered at least some of her costs.

Miss D was unhappy with Astrenska's decision and so Mr D asked us to look into her complaint. He told us Miss D had tried to contact the reciprocal medical provider but hadn't received a response.

Our investigator considered that it hadn't been unreasonable for Astrenska to decline to extend the policy term. And she concluded that strictly, Miss D's claim wasn't covered. But she felt that Astrenska should cover the medical expenses Miss D incurred between 7 and

12 December 2023. That's because she thought it had had opportunities to make it clear that the policy would only cover emergency medical expenses. And she also felt that on 6 December 2023, Astrenska ought to have told Mr D that Miss D's cover had already ended and that she wouldn't be covered for any medical expenses she incurred at that point.

In the circumstances, the investigator considered Miss D would still have arranged a doctor's appointment, even if she'd known Astrenska wouldn't cover the costs. But she thought Miss D would have pursued the reciprocal option further and therefore likely wouldn't have incurred any costs. And so she concluded that Miss D had lost out as a result of Astrenska's actions. She recommended that Astrenska should settle the medical expenses Miss D incurred between 7 and 12 December 2023 – the date Miss D became aware she didn't have any cover in place – in line with the remaining terms and conditions of the policy, together with interest on the settlement.

Astrenska accepted the investigator's view but Miss D did not. In brief, Mr D told us he and Miss D believed a fair outcome to the complaint would be for Astrenska to cover all of Miss D's medical expenses and waive the policy excess.

The complaint's been passed to me to decide.

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.

Having done so, I think Astrenska has now made a fair offer to settle this complaint and I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. I've taken those rules into account, amongst other relevant considerations, such as regulatory principles, the policy terms and the available evidence, to decide whether I think Astrenska treated Miss D fairly.

Was it fair for Astrenska to decline the extend the policy term?

Miss D took out the policy through a broker, along with two other people. I think the policy schedule made it clear that cover was due to end on 28 November 2023.

Given Miss D planned to stay abroad, I can understand why she wanted to extend the term of the policy. However, given her open claim at the time the enquiry was made, Astrenska made an underwriting decision not to agree to such an extension. In my experience, many travel insurers exclude cover if a policyholder has medical treatment or investigations planned at the time of application or renewal. And it's for Astrenska to decide what risks it does and doesn't want to cover. Moreover, Mr D told us that the other two people insured under the policy didn't want to extend it. Therefore, even if Miss D hadn't had an open claim, it seems unlikely Astrenska could have extended the existing contract.

On this basis, I don't think Astrenska acted unfairly or unreasonably when it declined to offer Miss D an extension to the policy term.

Did Astrenska handle the claim fairly?

The investigator explained why she didn't think Astrenska had handled the claim fairly. She also explained why she felt it had missed chances to make it clear to Mr D (and therefore Miss D) that only emergency medical expenses would be covered, alongside missing an

opportunity to highlight to Mr D on 6 December 2023 that Miss D's cover had already ended. She set out why she felt this would likely have prevented Miss D from incurring additional costs. And so she explained that she thought it would be fair and reasonable for Astrenska to settle the medical expenses Miss D incurred between 7 and 12 December 2023, in line with the remaining policy terms and conditions. Astrenska accepted the investigator's recommendations on this point and so I don't think I need to make a detailed finding here. For clarity, I agree with the investigator's conclusion that Astrenska didn't handle the claim fairly and for the same reasons.

I've considered whether I think it would be fair and reasonable to direct Astrenska to pay any further medical expenses Miss D incurred after 12 December 2023. I don't think it would. That's firstly because the policy term had already ended around two weeks beforehand and Astrenska had already told Miss D it couldn't extend the term. And secondly, on 12 December 2023, I can see that Astrenska clearly explained to Mr D that a) there was no policy in force and b) that Miss D should have been entitled to care under the reciprocal agreement. So at that point, I think Mr D was given clear enough information about the lack of cover and about the care available through the reciprocal agreement. Therefore, I think Miss D had enough information to make a fully informed choice as to whether to continue to incur private medical costs or to reapproach the reciprocal medical provider.

Next I've thought about whether it would be fair to tell Astrenska to waive Miss D's excess when it settles the claim. Again, I don't think it would. In my view, the contract terms make it clear that an excess will be deducted from medical expenses claims and clearly set out the applicable excess. Even if Astrenska had accepted Miss D's claim at the outset, it would have been entitled to the deduction of the excess from any settlement it paid.

It follows then that I'm satisfied that the fair and reasonable outcome to this complaint is for Astrenska to settle Miss D's claim for the medical expenses claim she incurred between 7 and 12 December 2023, in line with the remaining policy terms and conditions, together with interest on the settlement at an annual rate of 8% simple.

Putting things right

I direct Astrenska Insurance Limited to:

- Settle Miss D's claim for medical expenses she incurred between 7 and 12 December 2023, in line with the remaining terms and conditions of the policy; and
- Add interest to the settlement at an annual rate of 8% simple from the date Miss D paid any invoices for medical expenses incurred between 7 and 12 December 2023 until the date of settlement.

If Astrenska considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss D how much it's taken off. It should also give Miss D a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons I've given above, my final decision is that I uphold this complaint and I direct Astrenska Insurance Limited trading as Collinson Insurance to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 28 March 2025.

Lisa Barham
Ombudsman