

The complaint

Mr and Mrs M complain about the way Inter Partner Assistance SA settled a claim they made on their travel insurance policy.

What happened

Mr and Mrs M had travel insurance through IPA. They were on holiday and due to take a flight to another destination, when the airline cancelled the flight. Unable to reach the destination by any other means, Mr and Mrs M remained in their original holiday location, before flying home at the end of the trip.

Mr and Mrs M made a claim on their IPA travel insurance policy for the cost of the cancelled flight and hotel they hadn't been able to use, as well as some medical expenses..

IPA initially declined the claim, but ultimately made an offer to settle it under the "delayed departure" section of the policy and paid £480. It also paid some medical expenses. However Mr and Mrs M complained, they considered IPA should have assessed the claim under the "cancellation" section of the policy, as the flight had been cancelled. They also complained about the way IPA had handled the claim and communicated with them.

IPA issued a complaint final response letter on 1 August 2024. It accepted the level of service provided was, at times, unacceptable. It offered £150 for the unnecessary distress and inconvenience it had caused. But it was satisfied it had correctly assessed the claim and, as the holiday had already started, the cancellation section of the policy didn't apply.

Unsatisfied with that response Mr and Mrs M referred their complaint to the Financial Ombudsman Service for an independent review. Our Investigator thought, whilst IPA hadn't handled matters as it should, it had ultimately reached a fair position in relation to the claim payout in line with the policy terms.

Mr and Mrs M asked for an Ombudsman to consider the matter. They said cancelled means cancelled, they had a flight cancelled and so that should be covered under the policy, as well as the unused hotel costs.

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.

Like all insurance policies, not every circumstance that gives rise to a loss is covered. Mr and Mrs M's policy only provides cover in specific circumstances.

Having reviewed the 'cancellation' section of the policy, I don't think IPA has been unreasonable in not agreeing to meet the claim under this section.

The cancellation section provides cover for "*irrecoverable unused travel and accommodation costs...if you have to cancel **your trip** following any of the reasons in the table below*".

In that table, there is cover for cancellation due to no suitable public transport within 12 hours of the scheduled time of departure. However, for a claim to be met in this section it is "**your trip**" which needs to be cancelled. Those words are in bold in the policy wording to signify they have been given special meaning in the terms of the policy.

Under the policy “**trip**” is defined as “*The period of time spent away from your home on pre-booked business or leisure travel*”. I don’t think this applies to Mr and Mrs M’s circumstances. They were already away from home when their flight was cancelled. The lack of suitable public transport didn’t result in a cancellation of their trip as defined in the policy.

I have checked the rest of Mr and Mrs M’s policy; I can’t see that there is cover for any unused accommodation costs (or flight costs) as a result of connecting flights being cancelled.

I think IPA has been reasonable in considering the claim, instead, under the ‘delayed departure’ part of the policy. That section allows a £20 allowance per person for every 12-hour delay, up to a maximum of £300 per person.

Mr and Mrs M said the cancelled flight was due to depart on 31 March, in the end they travelled home on 5 April. IPA has paid £240 for each of Mr and Mrs M, so it’s paid for a 6-day delay, in line with the timings given by Mr and Mrs M. I’m satisfied this is fair and in line with the policy terms.

I understand Mr and Mrs M will be disappointed their full losses aren’t covered by the policy, it was a special holiday, and they were left in a difficult situation through no fault of their own. I can understand, then, it was even more frustrating when IPA handled the claim poorly. Where mistakes are made, this Service considers whether a business took steps to put matters right. IPA has recognised its service fell short and paid £150 compensation to reflect the unnecessary distress and inconvenience caused. I consider that offer to be in line with similar awards this service has made where a business’ mistakes have required reasonable effort for a policyholder to sort out.

My final decision

My final decision is that I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs M and Mr M to accept or reject my decision before 12 March 2025.

Michelle Henderson
Ombudsman