

The complaint

Mr E and Ms S have complained about the way AXA Insurance UK Plc handled a claim they made on a travel insurance policy after they had to cancel a trip.

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

What happened

Ms S and her family were due to travel abroad in April 2023. However, Ms S was diagnosed with a medical condition which meant she was unfit to fly. There were two main elements to the complaint:

- That AXA only paid a proportion of the claim settlement amount due to Ms S's non-disclosure of a pre-existing medical condition.
- The overall claims process, including delays, lack of care and the calculation of the settlement.

In responding to the complaint, AXA accepted that there had been issues and delays in finalising the claim, so it offered £100 compensation.

Our investigator thought that AXA had acted reasonably in paying 69.47% of the claim. She also thought that the final settlement amount, which excluded the cost of visas for the children, was reasonable. However, she didn't think the offer of £100 was sufficient to compensate Ms S for the distress and inconvenience caused by the delays. So, she recommended that AXA should pay an additional £275 on top of the £100 it had already offered, being £375 in total.

Ms S accepted our investigator's view in relation to the proportionate claims payout. However, as she feels a higher compensation award is warranted, 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 AXA by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for AXA to handle claims promptly and fairly, and to not unreasonably decline a claim.

Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it's willing to cover and set these out in the terms and conditions of the policy document. The test then is whether the claim falls under one of the agreed areas of cover within the policy.

AXA only settled 69.47% of the claim amount. That's because Ms S only paid 69.47% of the premium amount that she would have been charged had she disclosed a pre-existing

medical condition at the time of applying for the policy. Our investigator has previously set out in detail why AXA was able to apply this remedy, under The Consumer Insurance (Disclosure and Representations) Act, due to there being a qualifying misrepresentation. As mentioned above, Ms S has accepted our investigator's assessment of this part of the complaint. Therefore, I do not need to consider it further.

As part of the settlement, AXA paid the cost of Mr E's unused visa but has declined to pay for her two children's visas.

Looking at the policy terms, it states there is no cover for:

'Any additional costs for tests/documentation the government or other regulatory authority introduce and are needed in order for you to travel to/from/in your destination or to return to your home area regardless of whether you knew when booking or not.'

Given the above wording, I'm satisfied that AXA didn't have to pay any unused visa costs at all. However, it seems to have decided to pay for Mr E's visa on the basis that it was a short-term visa, obtained solely for this trip whereas, the children's visas last two years and so could potentially be used for future trips.

Ms S says they were only going to use the visas for this trip. She didn't ask for extended visas for the children and it was at the discretion of the embassy what type they issued. She is now recovering from her illness and has no plans to travel to that country with her children before the visas expired.

I understand Ms S's point. And so I've thought about whether, because AXA acted outside the policy terms to cover Mr E's visa, it should also cover the remaining visa costs. However, as the above clause makes it clear that no such costs are covered, on balance, I'm unable to conclude that AXA has done anything wrong in not paying the children's visa costs.

Returning to how the claim was managed overall, there was clearly some poor service. The original settlement amount was based on the wrong proportionate percentage figure. AXA then had to make two additional payments for costs that had been incorrectly excluded. Therefore, I would conclude that there was a lack of care in relation to calculating the settlement amount.

The main issue around delay relates to gaining evidence of a 'no-show' from the airline. Having made the claim in April 2023, Mrs S was provided with a list of documentation that AXA needed to verify the claim, including information from the airline.

She contacted AXA on 10 October 2024 to explain she was having trouble getting a response from the airline and that they had told her over the phone that they didn't provide no-show letters. So, AXA asked her to email the airline, so at least there would be a paper trail of her requesting the information. She then emailed the airline the same day and forwarded a copy to AXA.

Ms S's argument is that, if the adviser she spoke to in October 2023 hadn't mistakenly led her to believe the claim would be processed upon receipt of her email to the airline, she would have sent in further evidence sooner and not waited until early December 2023 to contact AXA again. This might have led to the claim being paid out in December 2023, in time to book a Christmas trip to visit family.

Actually, Ms S rang AXA again on 13 November 2023. The adviser confirmed receipt of the email to the airline and noted that everything else was now on file. The adviser then said they would leave a note on file that Ms S had done her best to get the no-show letter. They

also checked the airline's website where it was stated that, in the case of a no-show, no refund would be provided.

AXA contacted Ms S on 9 December 2023 again asking for a no-show letter or cancellation invoice. Otherwise, it required her to forward the email threads of her attempts to contact the airline. She responded to say that she had already provided the email thread. I think there was some confusion caused here because AXA had a record of asking her to contact the airline by email on 19 April 2023, so it was expecting to see a series of emails from that date. However, when referring to the email thread, Ms S was actually referring to the one email sent on 10 October 2023. This resulted in AXA repeating its request for the email thread and clarifying that it needed any initial emails sent to the airline from April 2023.

By 10 January 2024 AXA understood that Ms S had originally been calling the airline instead of emailing. At AXA's request she sent further emails to the airline and again didn't receive any response. It was after this that AXA accepted the claim, making the first payment on 3 February 2024.

I agree with our investigator that there doesn't appear to have been much activity on the claim between 13 November and 9 December 2023. Therefore, it's likely that the claim could have been accepted earlier than it was. However, on balance, I'm unable to conclude that the initial settlement amount would have been paid in time for Ms S to make Christmas travel plans.

I've thought very carefully about everything Ms S has said and have a great deal of sympathy with her situation. She suffered a serious health condition which caused the trip to be cancelled. Dealing with the claim and then the complaint, in addition to her illness, can't have been easy. Therefore, I do understand why she thinks a higher amount of compensation would be appropriate.

However, as an informal dispute resolution service, our awards are more modest than she might expect and likely less than a court might award. On balance, I consider that £375 is sufficient compensation for the distress and inconvenience caused.

My final decision

For the reasons set out above, I uphold the complaint and require AXA Insurance UK Plc to pay £375 total compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E and Ms S to accept or reject my decision before 28 February 2025.

Carole Clark
Ombudsman