DRN-5340099

The complaint

Mr and Mrs H have complained that Admiral Insurance (Gibraltar) Limited hasn't fully settled a claim made on a travel insurance policy.

As it is Mr H leading on the complaint, I will mostly just be referring to him in this decision.

What happened

Mr H renewed the policy in October 2023. He unfortunately became seriously unwell in January 2024 and therefore made a cancellation claim for a trip he was due to go on later the same month.

Upon reviewing the information provided for the claim, Admiral identified that Mr H hadn't declared all of his relevant medical information. It undertook a retrospective medical screening to determine what it would have done had it had all the medical information at the point of renewal.

The outcome was that Admiral would still have provided cover. However, the premium would have been £157.66 instead of the £126.72 that was actually quoted and paid. As the sum paid by Mr H was only 80.38% of what should have been charged, Admiral only paid out that proportion of the claim amount.

Our investigator thought that Admiral had acted reasonably in reducing the claim amount in this way. Mr H 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 Admiral by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for Admiral to handle claims promptly and fairly, and to not unreasonably decline a claim.

Mr H has mentioned that he saved Admiral a lot of money by cancelling flights and accommodation at a time when he was very unwell. I appreciate that he was diligent in doing so. However, that's a slightly different issue than the matter at hand and a policyholder would be expected to mitigate their own losses by obtaining refunds where possible. The crux of the complaint is whether it was reasonable for Admiral to make a proportionate settlement of the claim for Mr H's actual losses.

The relevant law in this case is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). CIDRA requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract.

If a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is - what CIDRA describes as - a qualifying misrepresentation. For it to be a qualifying misrepresentation, the insurer has to show it would have offered the policy on different terms - or not at all - if the consumer hadn't made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

One of the questions asked in the standard medical declaration is:

'Have you or anyone in your party been prescribed medication, received treatment or had a consultation with a doctor or hospital specialist for any medical condition in the past 2 years?'

Mr H says he wasn't asked the above question at renewal and that the renewal notice only talks about informing Admiral about things that have changed over the last year and nothing had changed for years.

He didn't disclose any medical conditions. However, when obtaining his medical records as part of the claim process, they showed that he had been prescribed medication for gout on 23 June 2023.

Mr H describes the condition as being an occasional sore toe. He says he'd managed it for over 30 years, usually with over-the counter medication. Therefore, that's why he'd never declared it as a new condition. But he also confirmed that he had never declared it, even when taking out the policy originally.

I appreciate Mr H's point of view. However, he needed to take reasonable care to provide accurate information about his most recent medical history. It is the case that he was prescribed medication in June 2023, only four months before renewing the policy. Therefore, he should have contacted Admiral to declare that. Essentially, he needed to report that he'd suffered from gout in the last year, particularly as he'd never declared the condition previously. Because he didn't, he was charged a lower premium that he should have been.

Mr H has pointed out that the reason for having to cancel the trip was unrelated to his pre-existing medical condition. But the issue here is about the premium he would have been charged if he had accurately declared his circumstances at renewal.

Mr H's misrepresentation wasn't deliberate or reckless. I don't think he intended to mislead Admiral, but he didn't take reasonable care to ensure it had the correct information about his health. This is a qualifying misrepresentation under CIDRA. So, Admiral was entitled to apply the relevant remedy available to it under the Act.

CIDRA says, in cases of careless misrepresentation, that an insurer is entitled to apply cover as if it had all of the information it wanted to know at the outset. If it would still have offered cover, but charged a higher premium, then it may settle the claim proportionately, in line with the premium it would have charged. And if it would never have offered cover at all, it's entitled to cancel the policy from the start and refund the premium.

In this case, that means that it has settled 80.38% of the value of Mr 'Hs claim. In the circumstances, I consider that Admiral has acted fairly, in line with the relevant legislation.

So, whilst I know it will be disappointing for Mr H, I'm unable to conclude that Admiral has done anything wrong. It follows that I do not uphold the complaint.

My final decision

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 28 May 2025.

Carole Clark
Ombudsman