

The complaint

Mr and Mrs B complain Inter Partner Assistance SA unfairly settled their claim and caused delays.

What happened

The background of this case is well known to both parties and has been set out clearly by the investigator, so I will only provide a short summary.

Mr and Mrs B booked a family holiday for July 2024. Mrs B was declared medically unfit to fly, so the holiday was cancelled.

As Mr and Mrs B still wanted to go on their holiday at a later date, IPA said it would pay the costs of a new holiday, providing this did not exceed the cost of the original cancelled holiday. So, Mr and Mrs B re-booked their holiday and sent IPA the evidence and calculations.

IPA paid the claim, but Mr and Mrs B disagreed with the settlement amount. And they complained about this and delays in the overall handling of their claim.

IPA responded to the complaint. It agreed there had been delays and offered £100 in compensation. But said it thought the settlement had been calculated correctly.

Unhappy with IPA's response, Mr and Mrs B brought their complaint to this service. They said the settlement paid to them is short by £713.94.

The case was passed to me to decide. I thought IPA had not calculated the settlement fairly and had not provided enough clarity about what it had paid and why. So I issued a provisional decision to both parties, which I have summarised below.

My provisional decision

Mr and Mrs B's original holiday comprised of an accommodation booking and two separate flight bookings – the outbound and inbound flights for the family were booked with different airlines. When the holiday was cancelled, Mr and Mrs B received no refund for the accommodation or outbound flight, but they were refunded by the airline for their inbound flight.

Mr and Mrs B's losses were the value of the accommodation and the outbound flight totalling £5,837.11. This does not include the amount of the refund they received from the airline for the inbound flight.

When Mr and Mrs B re-booked their holiday, they booked accommodation and a return flight totalling £5,787.16.

IPA said it deducted the relevant excesses and airport departure tax and paid a total settlement of £4,947.22. However Mr and Mrs B said this wasn't right. They said IPA deducted the amount they were refunded for the inbound flight from their original holiday cancellation costs, and also deducted it from what it would pay for the new holiday.

IPA said Mr and Mrs B could financially benefit from the refund they received for their original inbound flight, if it did not deduct that amount from the settlement.

I went on to think about whether IPA had calculated the settlement fairly and I didn't think that it had. I said as IPA accepted the cancellation claim due to Mrs B's health, the consumers were entitled to be reimbursed for the losses they incurred when they cancelled their holiday. So they are entitled to the value of the original accommodation and outbound flights, which were lost when the holiday was cancelled, which was £5,837.11 (subject to the necessary deductions for the excess and airport departure taxes).

The total cost of the new booking, including return flights, was £5,787.16. This is around £50 less than the amount IPA would have had to pay if it had settled the claim by paying the losses of the original holiday. And so because of this, I said I didn't think it fair for IPA to deduct the cost of the refunded flight from the settlement amount, as this did not form part of the cancellation costs claimed.

I explained I had twice asked IPA to give a full breakdown of its calculations to explain the settlement it had paid in two parts, but it didn't provide this. And as I didn't think it fair for the consumers to experience further delays due to IPA's lack of response, I said I thought the fairest outcome in these circumstances was for IPA to pay the full value of Mr and Mrs B's cancellation claim. The loss on the original booking was £5,837.11. I said IPA is entitled to deduct the excesses and airport departure taxes, which it calculated to be £190 for the excesses and £26 for the taxes. This gives a total settlement of £5,621.11.

I'd seen two settlement letters from IPA totalling £4,947.22. However Mr and Mrs B said they had received £5,163.22 in total. So I said IPA needed to pay a further £457.89 to settle the claim, plus interest due to the delay in payment.

IPA offered Mr and Mrs B £100 in respect of the delays in dealing with the claim. I thought £250 was a more appropriate amount in view of the additional delays and inconvenience Mr and Mrs B had been put to, particularly in view of the continued contact they had with IPA, in attempts to resolve their queries about the settlement calculation.

The response to my provisional decision

IPA responded to the provisional decision. It didn't explain how it arrived at the two separate settlement payments it made totalling £4,947.22. But confirmed this was the total amount it had paid to Mr and Mrs B. And it did not dispute my intended award of £250 for the delays and inconvenience caused to the consumers.

IPA said it thought it had miscalculated the settlement and should pay a further £216. But it maintained that the amount Mr and Mrs B received as a refund for one of their original flights, needed to be deducted from the settlement calculation, and said not doing so would benefit them financially.

Mr and Mrs B made no comment on the provisional 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.

And I've considered again my provisional findings in light of the response from IPA.

I'm still of the opinion that Mr and Mrs B were entitled to have their cancellation claim settled to the full value of their loss. And this is the total of the flight and accommodation which was not refunded, subject to the deduction of the excess and airport departure tax.

I'm not persuaded by IPA's argument that the consumers would financially benefit if it does not deduct the value of the refunded flight from the settlement. I say this because the loss Mr and Mrs B suffered when cancelling their holiday was £5,837.11, not including the cost of the inbound flight which was refunded by the airline. What the consumers choose to do with the money they receive from the settlement of the cancellation claim should be of no relevance to the insurer. In this case the consumers chose to re-book a holiday, but they did not have to do so. And they are entitled to receive the full value of their cancellation claim, regardless of what the costs of any new holiday booking may be and how many flights it includes.

The points IPA raised haven't changed my mind. So I see no reason to depart from the conclusions set out in my provisional decision and summarised above. However due to IPA's response on the amount it had already paid to the consumers, the remaining settlement amount to be paid is higher than stated in my provisional decision. And I've clarified this below.

Putting things right

As I explained, IPA is entitled to deduct the excesses and airport departure taxes, which it calculated to be £190 and £26. This gives a total settlement of £5,621.11. IPA has confirmed it had paid the consumers a total of £4,947.22. And so it must pay a further £673.89 in settlement of the claim, plus interest due to the delay in the consumers receiving the remaining amount.

My final decision

For the reasons I've given, it's my final decision that I uphold this complaint and direct Inter Partner Assistance SA to pay Mr and Mrs B the following:

- £673.89, plus interest at 8% simple from the date the first payment was originally made on 7 August 2024, to the date of settlement;
- and £250 in total, in respect of the overall distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 14 October 2025.

Gemma Warner
Ombudsman