

The complaint

Mr and Mrs W complain that Aviva Insurance Limited hasn't fully settled a claim they made on a travel insurance policy.

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.

Mr and Mrs W hold travel insurance as a benefit of a packaged bank account.

In August 2024, Mr and Mrs W were on holiday in the UK. Unfortunately, Mr W had an accident and received treatment in two NHS hospitals.

Mr and Mrs W made a claim on the policy for costs which had been incurred due to Mr W's accident, such as additional accommodation expenses for Mrs W so she could remain close to the hospitals, and cattery costs. They also made a claim for Mrs W's travel expenses in the form of mileage and hospital parking and for confinement benefit for the period Mr W was an in-patient.

Aviva accepted and settled part of Mr and Mrs W's claim. But it didn't agree to pay either confinement benefit or Mrs W's travel and parking costs. That's because it said the policy only provided cover for medical and associated expenses outside of the UK.

Mr and Mrs W were unhappy with Aviva's decision and they asked us to look into their complaint. In brief, they felt Aviva had misinterpreted the policy terms.

Our investigator thought Mr and Mrs W's complaint should be partly upheld. She felt the medical and associated expenses section of the policy did provide cover for travel expenses a policyholder may incur in the UK. And so she recommended that Aviva should pay Mrs W's travel expenses, together with interest.

But the investigator didn't think Mr and Mrs W's claim for confinement benefit was covered by the policy terms. So she didn't think it had been unreasonable for Aviva to turn down this part of the claim.

Aviva didn't respond to the investigator's view. Mr and Mrs W disagreed with the investigator's findings. So the complaint was passed to me to decide.

I issued a provisional decision on 1 May 2025. In my provisional decision, I explained the reasons why I thought it had been fair for Aviva to turn down the claim for confinement benefit, but why I thought Aviva should reconsider Mr and Mrs W's claim for Mrs W's travel expenses. I said:

'First, I was sorry to hear about Mr W's accident and the injuries he suffered. I don't doubt what a worrying and upsetting time this must have been for Mr and Mrs W and I do hope Mr W has made a good recovery. I'd also like to reassure Mr and Mrs W that while I've summarised their detailed submissions to us, I've carefully considered all that's been said

and sent.

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 available evidence and the policy terms, to decide whether I think Aviva treated Mr and Mrs W fairly.

I've first considered the policy terms and conditions, as these form the basis of the insurance contract. As Mr W suffered an accident while he was on holiday which required NHS treatment, I think it was reasonable and appropriate for Aviva to consider the claim under the 'Emergency medical and associated expenses' section of the policy. This sets out the cover that Aviva will provide if an insured person becomes ill or injured during a trip. I've set out below the sections which I think are relevant to the circumstances of this claim:

'Emergency medical

Emergency medical treatment (including rescue services to get to hospital following injury or illness) and emergency dental treatment required for immediate pain relief only.

Associated expenses:

- the necessary travel and accommodation costs for a person who has to stay with the insured person or travel to be with the insured person, where we agree this is necessary...*
- **where you have a valid claim for Emergency medical**, we'll pay a benefit for each full 24 hours the insured person is treated in hospital or confined to their accommodation on medical advice.' (My emphasis added).*

The policy says that the most it will pay for associated expenses within the UK is £10,000 per person.

And the policy also states that Aviva won't pay for:

'costs relating to any medical treatment received in the UK unless:

- onboard a cruise in UK waters; or*
- this is during travel to or from the Channel Islands or Isle of Man and these costs are not covered by a reciprocal health care agreement.'*

In my view, the policy terms make it clear that Aviva does provide cover in the UK for the associated expenses it's listed in the contract. That's because, as I've said, it's included a specific limit of liability for associated expenses claims in the UK within the contract. And Aviva accepts that Mr and Mrs W had a valid 'associated expenses' claim on the policy. I say that because it's already settled the costs of Mrs W's additional accommodation, which is listed as an associated expense.

Necessary travel costs are also listed as an associated expense under this part of the policy. So it seems to me that there is potential cover for Mrs W's necessary travel costs. It isn't clear to me why Aviva concluded that any travel costs Mrs W incurred were excluded simply because the holiday was within the UK. Based on the policy wording, I don't think Aviva's decision to decline this part of the claim for the reasons it gave was fair or reasonable.

Therefore, I currently think that Aviva should reassess Mr and Mrs W's claim for travel costs under the associated expenses cover provided by the policy, in line with the remaining terms and conditions. I must make it clear that I'm not intending to direct Aviva to pay this part of

the claim – it will be for Aviva to consider the evidence that Mr and Mrs W have provided and decide what, if any, of those travel costs are covered by the terms of the contract.

However, I don't think it was unfair for Aviva to turn down Mr and Mrs W's claim for confinement benefit. I accept that confinement benefit isn't a payment of indemnity for medical treatment costs and that it's intended to cover expenses an insured person might incur while they're in hospital.

But I think the policy wording makes it sufficiently clear that confinement benefit is only payable where an insured person has a valid claim for emergency medical treatment. Mr W received NHS medical treatment in the UK – so he didn't incur any medical treatment costs. And most costs related to medical treatment received in the UK are excluded by the policy terms. As such then, I don't think it was unfair or unreasonable for Aviva to conclude that Mr W didn't have a valid claim for emergency medical treatment. And accordingly, this means I don't think Aviva acted unfairly when it therefore concluded that Mr and Mrs W's claim for confinement benefit wasn't covered by the policy terms.'

I asked both parties for any further evidence or comments they wanted me to take into account.

Neither party accepted my provisional findings. Mr and Mrs W questioned where in the policy it was made clear that confinement benefit was only payable if an insured person had a valid claim for emergency medical treatment.

Aviva said it wouldn't have paid Mrs W's travel expenses because it wouldn't generally cover the cost of a family member visiting an insured person in hospital or consider those costs medically necessary.

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've reached the same overall conclusions I set out in my provisional decision and for the same reasons.

As I explained above, I planned to direct Aviva to *reconsider* Mrs W's travel expenses claim in line with the policy terms and conditions. I explained that I wasn't planning to tell Aviva to pay those costs. While Aviva has now said it won't cover Mrs W's travel costs because it doesn't think they were medically necessary, that's not the reason it gave Mr and Mrs W for turning down this part of the claim in its final response – although I note its own claims notes make reference to these considerations. Nor has Aviva previously set out this particular reasoning in any detail to Mr and Mrs W or given them a reasonable chance to comment on it. Therefore, I don't think it would be appropriate or fair for me to decide, within this decision, whether it would be reasonable for Aviva to conclude Mrs W's travel costs weren't medically necessary and therefore not covered by the policy.

Therefore, I'm still satisfied that the fair and reasonable outcome to this part of the complaint is for Aviva to reconsider Mrs W's travel expenses claim, in line with the remaining policy terms and conditions and to make a claims decision, taking into account its regulatory obligations. If Mr and Mrs W are unhappy with the outcome of any claims decision Aviva makes, they may be able to bring a new complaint about that issue alone.

I appreciate Mr and Mrs W still don't think that the policy provides sufficient clarity in relation to when confinement benefit should be paid. I accept that the policy doesn't specifically state

that confinement benefit won't be paid if an insured person is hospitalised in the UK. But I think the policy terms do clearly say that Aviva will pay confinement benefit in the event of a valid emergency medical claim. And it's still the case that as Mr W received free treatment on the NHS, and UK-based medical treatment is generally excluded from cover, he didn't have a valid emergency medical claim. So therefore, I'm still satisfied that overall, Aviva's policy terms make it clear that confinement benefit isn't payable in Mr and Mrs W's circumstances. This means I don't think Aviva acted unfairly when it turned down this part of Mr and Mrs W's claim.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that I direct Aviva Insurance Limited to reconsider Mr and Mrs W's claim for travel costs in line with the remaining terms and conditions of the policy.

But I don't think it was unfair for Aviva to turn down Mr and Mrs W's claim for confinement benefit.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 6 June 2025.

Lisa Barham
Ombudsman