

## **The complaint**

Mr I and the estate of Mrs I complain that Aviva Insurance Limited complain that Aviva didn't settle a claim made on a travel insurance policy.

As Mr I represents the estate, I'll mainly refer to Mr I.

## **What happened**

Mrs I sadly died during a tragic incident abroad. The circumstances are familiar to the parties and therefore I don't repeat them in detail here. Mr I claimed on a travel insurance policy linked to a package bank account. That included a claim for accidental death benefit in the sum of £50, 000.

Mr I complained to Aviva that the claim for this benefit wasn't settled promptly. Aviva said they couldn't settle the claim due to ongoing investigations and proceedings in the country where Mrs I had died. Unhappy, Mr I complained to the Financial Ombudsman Service.

Our investigator looked into what happened and upheld Mr I's complaint. She thought Aviva could've settled the claim at an earlier stage, based on the information they had during the claims process. She recommended that Aviva settle the claim, pay 8% simple interest per annum from 1 June 2023 and £750 compensation for distress and inconvenience caused.

Aviva accepted the recommendation and have since paid the accidental death benefit to Mr I. Mr I didn't think the compensation fairly reflected the experience he'd been through. In particular, he highlighted the financial impact this had on his family and the inconvenience caused at any already difficult time.

## **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 want to say at the outset that I am so sorry to read of the circumstances which gave rise to the claim. It's clear that Mr I, and other members of the immediate family, went through an incredibly distressing and traumatic experience. I have a lot of empathy with what Mr I has said about the impact of this experience on both him and his family.

The relevant rules and industry guidelines say that Aviva had a responsibility to handle claims promptly and fairly. And they shouldn't reject a claim unreasonably. I'm partly upholding Mr I's complaint but I think the settlement of the claim, 8% simple interest on the settlement from 1 June 2023 and £750 compensation is fair and reasonable. I say that because:

- Aviva now accepts that they should have settled the claim at an earlier stage as they accepted the investigator's recommendation. I'm persuaded, on balance, that by April 2023 Aviva had sufficient information to settle the claim. I appreciate that Mr I did have to provide, and chase for, other information in the period between Mrs I's death.

However, I think Aviva were fairly asking for information to help them assess the claim up until that point.

- I appreciate that Mr I feels that Aviva had all the information they needed from an early stage. But I'm satisfied that it's most likely that all of the key documents were not available to Aviva until mid to late March 2023. I can understand how upsetting it must have been for Mr I to feel that he was being chased for information about the circumstances of Mrs I's death. But I think the enquiries up until that point were reasonable, and what I'd typically expect an insurer to be doing in similar circumstances.
- By early April 2023 I think Aviva had all the necessary information to make a decision on the claim. I acknowledge that it would have taken some time to assess the claim. And therefore, I think it is reasonable to conclude that the earliest Aviva could have given Mr I a decision on the claim was most likely in early June 2023. So, I think the relevant timeframe for considering the distress and inconvenience caused is from that date.
- Mr I's claim wasn't settled for approximately 19 months from the point at which I think it was reasonable for Aviva to have settled it. I accept this caused Mr I considerable distress and inconvenience at an already difficult and traumatic time. I can appreciate that he was worried about the outcome of the claim and that the impact of that was ongoing for an extended period, over many months.
- I've considered Mr I's representations that £2000 compensation would be more appropriate, particularly what he's said about the financial impact on the family. However, I think total compensation of £750 fairly reflects the impact on Mr I. In reaching this conclusion I bear in mind what Mr I has said about having to remortgage his home. I acknowledge that a significant sum of money would have helped Mr I and his family during this time. However, I also must bear in mind that there was considerable trauma from the very sad circumstances of the incident itself. And, I'm not persuaded there's cogent evidence that Aviva's actions were solely responsible for the need to remortgage and all of the associated financial difficulties Mr I has described. That's not to downplay Mr I's experience, or the financial difficulties he faced. Rather, on balance, I think what Aviva has now agreed to pay is fair and reasonable in all the circumstances.
- I'm aware that Mr I has said Aviva hasn't paid interest on the benefit amount yet. However, I'm directing Aviva to do that as part of my final decision.

### **Putting things right**

Aviva needs to put things right by:

- Settling the benefit under the policy (which I understand Aviva has now already done)
- Paying 8% simple interest per annum on the benefit amount from 1 June 2023 until the date of settlement. If Aviva considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr I (and/or) the estate of Mrs I how much it's taken off. It should also give them a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

- Paying Mr I a total of £750 compensation for the distress and inconvenience caused by delays in paying the claim.

**My final decision**

I'm partly upholding this complaint and direct Aviva Insurance Limited to put things right in the way I've outlined above.

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

Anna Wilshaw  
**Ombudsman**