

The complaint

Mr and Mrs M complain about AWP P&C S.A.'s offer of settlement for their travel insurance claim. My references to AWP include its claim handling agents.

What happened

Mr and Mrs M have travel insurance through a bank account, insured by AWP. They made a claim on the policy saying that during their family holiday their two children's iPad and tablet had been lost and possibly stolen.

AWP accepted the claim and paid £139.47 in total for the iPad, tablet and their cases and £13.59 for the SD card. The settlement amount was less than Mr M had paid for the items. AWP had deducted wear, tear and loss of value which it said ensured the settlement reflected the items' current value rather than the original purchase prices.

AWP also deducted a £75 excess per child from the settlement amount. It paid £100 compensation for Mr and Mrs M's distress and inconvenience as initially it wrongly said it would deduct a £150 excess per child.

Mr and Mrs M complained to us. They said:

- The settlement amount was unreasonably low. The approximate total value of the iPad and tablet was £800. AWP had unfairly deducted 80% for wear and tear to the iPad.
- AWP had justified deducting the two excesses on the basis that the iPad and tablet were for the use of their young children. But the children didn't own those items. Mr M had bought them and the items were registered to his accounts, they allowed the children to use the items.
- They want one excess to be refunded and a more reasonable deduction for wear and tear taking into account the cost of replacement. They considered a settlement of not less than £400 as reasonable.

Our Investigator recommended that AWP refund Mr and Mrs M one £75 excess payment plus interest, but he considered AWP's deduction for wear, tear and loss of value was fair.

Mr and Mrs M said they understood the reasons for our Investigator's recommendation, but it gave an unfair outcome as it defeats the purpose of having such insurance.

AWP didn't accept the recommendation. It sent a recording of a call with Mr M, which it said added to the evidence that the items had belonged to the children so two excesses should apply. Our Investigator explained why he hadn't changed his mind. AWP wants an Ombudsman's 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.

The relevant regulator's rules say that insurers must handle claims promptly and fairly and they mustn't turn down (or settle) claims unreasonably. I'm intending to partially uphold this complaint, I'll explain why.

The policy terms, under the 'baggage' section, cover the lost/stolen iPad and tablet (defined as 'valuables' under the policy), subject to the policy terms and limits. The policy says the most AWP will pay in total for valuables is £1,000 and there's a limit of £400 for any one item. The policy also states:

'It will be our decision to pay either:

- the cost of repairing your items;*
- to replace your belongings with equivalent items; or*
- the cost of replacing your items. An amount for wear, tear and loss of value will be deducted.*

No payment will be more than the original purchase price you paid for the item'.

The policy is clear that AWP can deduct an amount for wear, tear and a loss of value, which isn't unusual in travel insurance policies.

Mr and Mrs M said the 80% deduction for the iPad was unfair as it was in perfect condition. But an insurer can't know the condition of a lost/stolen item after several years of ownership so it's reasonable for it to apply a percentage deduction. AWP applied 20% for each year up to a four year maximum, which is a reasonable percentage deduction for electronic items and within the industry's standard. The evidence is that Mr M bought the iPad in 2014 and the loss/theft of the item happened 10 years later so AWP's 80% deduction was reasonable.

I've considered the other items claimed for where AWP applied a deduction. I'm satisfied that AWP applied the deductions in line with its depreciation guidelines and fairly.

As to the policy excesses, the policy definitions say:

'Excess – The deduction we will make from the amount otherwise payable under this policy for each insured person claiming and for each event that leads to a claim...'

And:

'You/your/insured person – The account holder, their partner, any dependent child'.

Each of Mr and Mrs M's two children is an 'insured person' as they are the account holder's dependents. AWP says the language Mr M used in his email to the police to report the possible theft and in his claim report said the iPad and tablet were his children's items, which I accept. On a strict interpretation of the policy terms AWP correctly applied two excesses of £75.

But I have to decide what's a fair and reasonable outcome in all the circumstances. I've listened to the call AWP referred to and in that call Mr M says 'technically we say they were their (the children's) things'. But in the same call he is clear that he doesn't think an excess should be applied for each child as he bought the items and they are registered to him, with him providing beneficial use to his children. AWP doesn't dispute that Mr and Mrs M had overall control over the items. There's no dispute that Mr M bought both items, I note he bought the tablet in 2014 a few years before either of the children were born. There's no dispute that both items were registered to accounts in his name. Given the evidence and the

young age of the children I think it's unfair for AWP to consider them as owning the iPad and tablet.

In these particular circumstances I'm satisfied that it would be fair and reasonable for AWP to consider both items to have been in Mr M's ownership and only charge one excess. AWP must refund one of the £75 excess payments plus interest as I've detailed below.

My final decision

I partly uphold this complaint.

I require AWP P&C S.A. to refund one of the £75 excess payments to Mr and Mrs M and pay interest* at 8% simple a year on that amount from the date of the original settlement of the claim to the date of the refund.

*If AWP P&C S.A considers that it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mr and Mrs M how much it's taken off. It should also give Mr and Mrs M a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 1 September 2025.

Nicola Sisk
Ombudsman