

The complaint

Mr P has complained that Society of Lloyds (SoL) has only partially settled a cancellation claim he made on a travel insurance policy.

What happened

Mr P was due to go on a trip in August 2024 with three other family members. Unfortunately, he was told by his doctors that he'd be unable to travel and so the holiday had to be cancelled. SoL accepted the claim. However, as it was only Mr P insured on the policy, it only paid out a quarter of the amount being claimed for, that being Mr P's portion of the costs, less the excess amount.

In response to the complaint, SoL maintained that it had assessed the claim correctly. However, it offered £100 compensation for delay.

Our investigator thought that SoL had acted reasonably in settling the claim in the way that it had, in line with the policy terms and conditions. She also thought that the £100 compensation offered was fair. Mr P disagrees with the investigator's opinion 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.

The complaint involves the actions of the claim administrators, acting on behalf of SoL. To be clear, when referring to SoL in this decision I am also referring to any other entities acting on its behalf.

I've carefully considered the obligations placed on SoL by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for SoL to handle claims promptly and fairly, and to not unreasonably decline a claim.

Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it's willing to cover and set these out in the terms and conditions of the policy document. The test then is whether the claim falls under one of the agreed areas of cover within the policy.

It is clear from the policy schedule that Mr P is the only policyholder.

Looking at the policy terms, they state:

'In the event that you have paid for a trip on behalf of other individuals not insured on this policy please be advised that your policy only provides cover for your proportion of trip costs, as opposed to the amount you have paid on behalf of others.'

It is clear from this that SoL does not want to provide cover for anyone not named on the policy, which extends to not providing cover for any costs that the policyholder may have incurred on behalf of others.

Mr P says he paid the full cost of the trip himself. He's also said that the accommodation cost would also have been same, regardless of the number of occupants. None of that is in dispute. The matter at hand is whether those circumstances are covered under the policy terms – and I'm afraid to say that they are not.

If his other family members hold any travel insurance themselves, for example, as part of a packaged bank account, they may be able to make separate claims for their portion of the losses.

I have a great deal of sympathy for Mr P's situation. He took out cover just for himself, as the person in his family that suffers from ill-health. He had to cancel a much-anticipated holiday and is out of pocket as a result. However, based on the available evidence, I'm unable to conclude that SoL has done anything wrong. The settlement amount is correct, in line with the terms of the policy. I'm also satisfied that the £100 offered for delay is fair and reasonable. It follows that I do not uphold the complaint.

The settlement letter dated 15 October 2024 says that the sum of £260.25 was being transferred to Mr P's bank account within the next four days. However, he has recently said that the portion of the costs have not been paid. Therefore, I'm unsure about the status of the payment.

My final decision

My decision is that I do not uphold the complaint. However, Society of Lloyds should pay Mr P the £260.25 claim settlement, plus the £100 compensation, now if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 26 September 2025.

Carole Clark
Ombudsman