

The complaint

Mr and Mrs N complain that AWP P&C S.A. applied a policy limit to their travel insurance claim.

What happened

Mr N holds a travel insurance policy through a bank account, and the policy also covers Mrs N. The insurer is AWP. They had a trip booked abroad for October 2024.

Mr and Mrs N had bought an age extension on the policy, and Mr N bought a medical upgrade on 10 September 2024. Shortly after this, Mr and Mrs N unfortunately had to cancel their trip abroad due to Mr N's illness.

AWP paid the cancellation claim up to the cancellation limit on the policy, which was £5,000 per person. But Mr and Mrs N's trip cost significantly more than this. They say that had AWP highlighted the cancellation limit and the option to upgrade this, they would have done so.

AWP said the policy terms were clear about the cancellation limit, but it acknowledged that it could have been more proactive to let Mr and Mrs N know about the limit when they made a claim. It paid them £100 to compensate for the distress and inconvenience caused.

One of our investigators reviewed the complaint. Having done so, he thought the policy terms and conditions were clear about the policy limit. He also noted that AWP had referred to the policy documents when the policy renewed. And if these weren't received, Mr and Mrs N could have requested a copy. Overall, the investigator thought that the £100 AWP had paid was fair and reasonable in the circumstances.

Mr and Mrs N didn't agree with the investigator's findings. As no agreement was reached, the complaint has been passed to me to decide.

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.

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of this complaint, even though AWP didn't reject the whole claim.

Mr and Mrs N hold the travel insurance policy as a benefit of a bank account. I can see that when AWP processed the medical upgrade for policy renewal, the confirmation email says the following:

"Please read through your policy documents carefully to make sure you fully understand your terms of cover."

You will find these within the Allianz Assistance Hub accessed from your Internet Banking or within your account welcome pack you would have received.”

I'm satisfied AWP did enough to let Mr and Mrs N know how they could access their policy documents. AWP also said how they could get in touch if they had any questions or concerns about the policy. And it was Mr and Mrs N's responsibility to make sure the policy suited their needs.

It's also my understanding that the welcome pack that AWP referred to is provided to account holders by the bank, not AWP. This contains the Insurance Product Information Document (“IPID”) for the travel insurance policy, as well as for other insurance policies that are a benefit of the bank account.

I've then considered if the policy documents are clear about the policy limit on cancellation, as this is the responsibility of AWP.

The IPID provides a summary of cover, and it says that cover for cancellation is *“Up to £5,000 in total for loss of pre-paid travel and accommodation expenses”*. This is repeated in the full policy terms and conditions under “Summary of Cover” which outlines the limit for cancellation is up to £5,000. And the cancellation section explains that the policy provides cover as follows:

“The most we will pay for each insured person is up to £5,000 in total (or if you have purchased a Cancellation upgrade, the increased amount shown on your upgrade schedule) for your part of unused and unrecoverable[...].”

The “Upgrades and Endorsements” section of the policy terms list all upgrades available, which include the age extension and medical endorsement which Mr and Mrs N had, and it lists “Cancellation limit extension” separately. This says the following:

“if you are planning a trip with a value more than we provide under the Cancellation, Curtailment and Abandonment covers, you can increase the limit by paying an additional premium.”

Having considered all the policy documents, I think these make it clear that the standard cancellation cover is only up to £5,000 per insured person unless additional cover has been bought and an additional premium has been paid for this. I appreciate Mr and Mrs N say they assumed that when they bought the medical upgrade, this would cover the cancellation relating to that upgrade in full. However, this isn't what the terms and conditions set out. And I can't see that AWP gave Mr and Mrs N any contradicting information about the cancellation limit on the policy.

Overall, I don't think AWP did anything wrong in applying the cancellation policy limit in Mr and Mrs N's claim, for the reasons I've set out above.

AWP accepted it could have been more proactive in letting Mr and Mrs N know about the policy limit when they made a claim. And I agree, as it's clear their claim well exceeded the policy limit. But had AWP told them about the policy limit when they made a claim, this wouldn't have changed the cover Mr and Mrs N had. But I agree it would have added to their frustration to find this out only when AWP made the claim decision. Overall, I think the £100 AWP has paid Mr and Mrs N is fair and reasonable in the circumstances.

My final decision

My final decision is that I don't uphold Mr and Mrs N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N and Mr N to accept or reject my decision before 13 October 2025.

Renja Anderson
Ombudsman