DRN-5993527

## The complaint

Mr M, Mrs B and Miss M complain about how AWP P&C S.A dealt with a claim against a travel insurance policy. Reference to AWP includes its agents.

## What happened

Mr M, Mrs B and Miss M have travel insurance as a benefit of a current account. On their return from a trip, the airline lost some of their baggage. They made a claim under the policy. There were delays both in AWP receiving the information it needed and in its settlement of the claim. Several months after the claim was first made, AWP settled the claim after making certain deductions.

Mr M, Mrs B and Miss M didn't think AWP had treated them fairly in its handling of their claim or in relation to the level of the settlement. In response to their complaint, AWP maintained that it had assessed the claim correctly. It apologised for service failings in its handling of the claim and paid compensation amounting to £350 in relation to that. Mr M, Mrs B and Miss M asked AWP to pay an additional £1,000 in settlement of their claim. AWP didn't agree so they pursued their complaint.

Mr M, Mrs B and Miss M say AWP gave them inconsistent, unclear and incomplete information. They say AWP didn't act fairly in making the deductions from the settlement. They want AWP to reassess their claim fairly and to pay them an additional amount in relation to their distress and inconvenience.

One of our Investigators looked at what had happened. He said AWP had acted fairly in settling the claim in the way it did. The Investigator said AWP accepted its service had fallen short in that there'd been some delay and poor communication. He said not all the delay in reaching settlement was caused by AWP. The Investigator said AWP was entitled to ask for information to validate the claim and had to be sure the baggage was lost before it settled the claim. He thought the compensation amounting to £350 AWP had already paid in relation to service issues was fair and reasonable.

Mr M, Mrs B and Miss M didn't agree with the Investigator. They say AWP's handling of the claim played a significant role in the delay and caused them prolonged stress, repeated inconvenience and unnecessary effort over several months. Mr M, Mrs B and Miss M say there was systemic failure in relation to the delays, inconsistent information, lack of clarity and unfair deductions for depreciation. They don't think the compensation is sufficient.

Mr M, Mrs B and Miss M say the lack of clarity in relation to policy limits and depreciation put them at a disadvantage and wasn't disclosed adequately in the policy documentation. They say if they'd known the true position, they would have made different purchasing decisions before travelling, insured certain items separately, declared values and prepared their claim differently.

The Investigator considered what was said but didn't change his view. Mr M, Mrs B and Miss M asked that an Ombudsman consider their complaint, so it was 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.

I've taken into account the law, regulations and good practice. Above all, I've considered what's fair and reasonable. The relevant rules and industry guidance say AWP has a responsibility to handle claims promptly and fairly and must act to deliver good outcomes for retail consumers.

I don't uphold this complaint. Overall, I think AWP settled the claim fairly and reasonably and the compensation it has already paid in recognition of its failures in its handling of the claim is in line with what we'd expect. I'll explain why I've reached those decisions.

- 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. In general terms, and as long as consumers are treated fairly, insurers can decide what risks they wish to cover.

- The relevant part of the policy terms says as follows:

  '***Baggage***
  ***What is covered*** √
  *In the event of **accidental** loss, theft or damage during **your trip, we** will pay up to £2,500 in total for **your** baggage.*
  *Claims will be considered on a 'new for old' basis provided the item is less than 2 years old at the date of the incident and **you** can provide the original purchase receipt.*
  *All other items will be subject to a suitable deduction for wear, tear and depreciation, or **we** may at **our** option replace, reinstate or repair the lost, stolen or damaged baggage.*
  ***Note: We** may not pay **your** claim if **you** are unable to provide any original receipts, proofs of purchase or insurance valuations (issued before the loss, theft or damage).*
  *[…]*
  ***What is not covered: X***
  - *[…]*
  - *Any claim over £500 for one item, **pair or set** of items.*
  - *Any claim over £500 in total for **valuables.***
  - *[…]*
  - *Any loss or theft of or damage to **your** baggage whilst in the custody of an airline or other carrier unless **you** report it immediately on discovery to the carrier and get a written report. In the case of an airline, **you** will need a Property Irregularity Report (PIR).*
  - *[…]*

  ***Special conditions relating to claims:***
  *[…] **you** must also provide **us** with:*
  - *[…] Property Irregularity Report (PIR) from the carrier (this must be obtained immediately **you** are aware of an incident).*
  - *[…]*
  - *Proof of purchase (e.g. original receipts, valuations issued before the loss,*

*cash withdrawal slips and credit/debit card statements).'*

*The claims process*

- I've looked at the chronology of events. Not all of the delay in this case was caused by AWP. However, AWP accepts there were failings, including inconsistent, unclear or incomplete information. I also think it could have decided sooner to deal with the claim without the PIR from the airline.
- Taking everything into account, I think the £350 AWP has already paid in relation to distress and inconvenience in this case is fair and reasonable, considering the nature, extent and duration of the distress and inconvenience caused by AWP's errors in this case. AWP isn't responsible for errors or delays by the airline.

*AWP's settlement of the claim*

- I think the relevant part of the policy is clear and not misleading. Settlement on a 'new for old' basis, is clearly limited to items less than two years old with an original purchase receipt.
- I've looked carefully at how AWP settled the claim. Given the limited proof of purchase available, I think AWP acted fairly. For example, no proof of purchase was provided in relation to Mr M's polo shirts. The policy allows AWP not to pay if proof of purchase isn't provided. Instead of declining this part of the claim, AWP paid the single-article limit of £500. I think that was fair.
- Mr M, Mrs B and Miss M dispute AWP's deductions for depreciation. The policy allows AWP to apply depreciation where the items are more than two years old or where no original receipt is provided. AWP isn't obliged to set out its depreciation rates in the policy terms. It has provided this service with its depreciation rates and, while I can't disclose them because they're commercially sensitive, I'm satisfied they were applied fairly and consistently.
- For the reasons I've explained, I think AWP acted in accordance with the terms and conditions of the policy and fairly and reasonably in its settlement of the claim.

**My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B, Mr M and Miss M to accept or reject my decision before 24 February 2026.
Louise Povey
**Ombudsman**