

The complaint

Mr and Mrs D have complained that Howserv Limited restricted their cover on two travel insurance policies after they updated their health information.

What happened

Mr and Mrs D purchased an annual Europe-wide policy (policy 1) in June 2024 and then a single trip worldwide policy (policy 2) in November 2024 (for a trip beginning in February 2025).

On 7 January 2025, Mr D rang Howserv to update it about their health circumstances.

As a result of this, Howserv said that policy 1 had been mis-sold because, as Mr D was still undergoing some medical treatment at the time, he shouldn't have been offered cover. Also, as Mrs D was awaiting a medical procedure, her pre-existing medical conditions (PEMCs) wouldn't be covered. In response to the complaint, Howserv cancelled the policy and provided a full refund of the premiums.

The terms for policy 2 were updated on 31 January 2025, with Mrs D's PEMCs being excluded. They kept the policy on that basis and travelled as planned on 2 February 2025. Howserv offered a pro-rata refund for the unused medical cover, which, as I understand it, was not accepted at the time. It also offered £50 compensation for the distress and inconvenience caused.

Our investigator didn't think Howserv had done enough in its response to the complaint. So, she recommended that it should provide a full refund of the premium associated with Mrs D's medical cover, plus 8% simple interest. She also recommended that the compensation for distress and inconvenience be increased to £200.

Howserv disagree 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 Howserv. To be clear, when referring to Howserv in this decision I am also referring to any other entities acting on its behalf.

The relevant regulator's principles say that a firm must conduct its business with due skill, care and diligence. And that it must pay due regard to the interests of its customers and treat them fairly.

Mr and Mrs D's main argument is that they took out the insurance expressly to have their health conditions covered. They say they didn't expect that updating their details would result in the policy being cancelled or restrictive terms added that essentially made the cover

worthless. They would have understood if the condition Mrs D was awaiting treatment for was excluded, but not all of her PEMCs.

Our investigator has previously set out the policy wording at length, so I won't repeat it here. Overall, I'm satisfied that Howserv acted reasonably in excluding cover for all of Mrs D's medical conditions following a re-screening of her circumstances, in line with the policy terms and conditions.

The premiums for policy 1 have been fully refunded. Although Mr and Mrs D have accepted the investigator's recommendations, in the interests of bringing the matter to a close, ideally they would also like a full refund for policy 2.

I need to bear in mind that they travelled as planned in February 2025 and had the cover of their amended policy. I do appreciate that the short notice played into their decision to maintain the policy. However, as they had active cover and would have potentially been able to benefit from it if the need had arisen, it wouldn't be appropriate for them to receive a full refund.

They've also mentioned that they might have only found out they weren't covered for certain things if something had happened and they'd rung Howserv from abroad for help. However, I can't look at hypothetical scenarios (in terms of what might have happened), only at what did happen. The terms were amended prior to their trip, so they understood the limits of their cover. And, luckily, they didn't need to make a claim on the policy, so they haven't suffered any detriment in that regard.

Howserv has previously offered a pro-rata refund of the premium for the unused medical cover. Our investigator has added that it should also include 8% simple interest, which is appropriate in the circumstances.

Howserv doesn't agree that the compensation for distress and inconvenience should be increased. In responding to the investigator's view, it has provided some new information about the way that Mr D had previously answered the medical questions. I understand the point it is making, nevertheless, I don't consider that the £50 originally offered is sufficient compensation for the acknowledged errors that occurred.

As our investigator has said, Mr D disclosed the medical treatment he was still undergoing when purchasing policy 1, and yet the relevant exclusions were not applied to the policy at that time. Mrs D's PEMCs should have been excluded at the time of purchasing policy 2. And they were initially incorrectly told that policy 2 wasn't affected by the new medical declaration. Howserv has previously accepted the shortcomings in the two sales processes and the later information provided by the adviser over the phone. Mr and Mrs D would have been concerned that they didn't have the cover they thought they had in relation to policy 1. And they didn't feel they had enough time to make alternative arrangements with regard to policy 2. It's clear they found the situation extremely frustrating and stressful. Overall, I'm satisfied that £200 is a more appropriate amount to compensate Mr and Mrs D for the trouble and upset caused.

Putting things right

Howserv should put things right by:

- Refunding the part of the premium associated with Mrs D's unused medical cover, plus 8% simple interest per annum from the date the premium was paid until the date the refund is made.

- Paying £200 compensation for distress and inconvenience.

My final decision

For the reasons I've explained, my decision is that I uphold the complaint and require Howserv Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs D to accept or reject my decision before 27 March 2026.

Carole Clark
Ombudsman