

The complaint

Mr N has complained that Post Office Management Services Limited mis-advised him when he contacted it to provide an update on his health.

What happened

Mr N purchased the annual policy in October 2024. He had a cruise booked for July 2025 and a trip to Europe booked in August 2025.

In June 2025 he became unwell and so attended A&E. His condition was not diagnosed at that point. As he was awaiting further tests, he rang Post Office to advise it of the situation.

The adviser he spoke to said that, as his condition was as yet undiagnosed, he would no longer be covered under the policy. That was correct information, but he was not advised of the options available to him.

In response to the complaint, Post Office accepted there had been an error and that he should have been given the following three options:

1. Cancel the full policy with a partial refund (subject to no claims).
2. Submit a trip cancellation claim for consideration if he was unable to travel due to his medical situation.
3. If still travelling, he could contact the claims department and inform them that cover was no longer in place on his annual multi-trip policy due to a change in health and that he wished to make a claim to recover the costs of a new policy.

Post Office therefore upheld the complaint, apologised and paid £50 compensation for the distress and inconvenience caused.

Our investigator didn't think that Post Office had done enough in response to the complaint. So, he recommended that the compensation be increased to £200 in total.

Mr N accepted the investigator's outcome. However, Post Office disagree, feeling that the amount of compensation is too high. Therefore, 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.

It's not in dispute the advisor provided incorrect information to Mr N during the call. Post Office has acknowledged this and upheld the complaint. Therefore, the only outstanding matter for me to consider is what would be an appropriate level of compensation for the errors that occurred.

During the phone call, Mr N is told that the policy no longer covers him at all, so he can't make any sort of claim on it, even if he were to cancel his trips due to his health issue. Mr N expresses incredulity at this, quite reasonably, as he's just been told he's been left without cover for his £4,000 cruise, despite not having this health condition at the point of buying the policy or arranging the cruise and the Europe trip. It was extremely stressful for him to be told this news. And this was in addition to the worry of having further medical investigations and the uncertainty of not knowing how serious the condition would turn out to be.

Mr N purchased a new policy with a different provider so that he'd be covered for the cruise. He then didn't go on the Europe trip due to the timing of an operation he needed.

In response to our investigator's view, Post Office has said that he'd have taken out the new policy anyway because he still wanted to go on the cruise. And that he can make a claim on the policy now, in the same way as he'd have been able to, had the adviser given him the correct advice. So, it's basically saying that he's no worse off than he would have been if the errors hadn't occurred.

I take Post Office's point about the longer-term impact on Mr N. However, I don't think the £50 compensation already paid is sufficient for the short-term impact on him. Listening to the phone call, it's clear that there was an immediate negative effect. He was going through a very difficult time already and so being simply told that he had no cover and couldn't claim, significantly added to his stress. He then didn't receive a promised call back from a manager and so was left in doubt about the situation. Overall, I'm satisfied that £200 is a more appropriate amount of compensation for the distress and inconvenience caused to him.

On another matter, in response to the investigator's assessment, Mr N said that he looked forward to hearing from the insurance company, so I'm not sure if he thinks the underwriter is going to get in touch about making a claim. To be clear, Mr N would need to contact the insurer directly if he wishes to make a claim on the policy now for the cost of the alternative cover he took out and costs associated with cancelling his Europe trip.

My final decision

For the reasons set out above, I uphold the complaint and require Post Office Management Services Limited to pay additional compensation of £150 (that being £200 in total) for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 30 March 2026.

Carole Clark
Ombudsman