complaint

Ms M complains that Europaische Reiseversicherung AG mishandled her claim on her travel insurance.

background

Ms M lives in the United Kingdom. She was due in another European country to give an evening talk and then do a full day's teaching. She was booked on the short flight. But the airline told her at the last minute there was no direct flight that day due to an air-traffic controllers' strike in that country. So the airline flew her to a neighbouring country from where she made a long train journey to her destination. She arrived the morning after she should have given the talk. She complained that ERV should pay her claim.

The adjudicator recommended that the complaint should be upheld in part. She thought that ERV should have covered Ms M's claim under the delayed departure section of the policy. The adjudicator recommended that ERV should reimburse Ms M for the train costs.

Ms M disagrees with the adjudicator's opinion. She says, in summary, that the insurer should also reimburse the cost of the cancelled flight - and compensate her for an exhausting journey and missing the talk.

ERV also disagrees with the adjudicator's opinion. It says, in summary that it would be fair for it to pay the policy benefit of £20 for each full 12-hour period of delay.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

ERV was the underwriter of the policy. It was branded with the name of the airline.

Where I refer to ERV I include any other parties for whose actions I hold it directly responsible. That includes its claims handlers but not the air-traffic controllers or the airline.

Ms M had a miserable time. She arrived too late for a prestigious speaking engagement. I accept her statement that she also lost her fee of 100 Euros. And – not having had a bed for the night - she had to teach all day. All this would have taken its toll on someone half her age.

In deciding what's fair and reasonable in Ms M's complaint against ERV, I have to keep in mind the policy terms. They provided £20 for each full period of 12 hours delay. They also provided much higher compensation in the event of abandonment of a trip after the first full 12 hours of delay. But this relates to periods of delay at the UK airport.

The policy didn't cover loss of earnings caused by such delay. And it didn't cover delays after departure.

I've seen written evidence of the flight costs of about £190 return.

The airline cancelled the direct flight that day. There was no direct flight until the next morning – a delay of about 24 hours.

So Ms M could have waited and then abandoned the trip. She could then have claimed the wasted air fare of about £190.

Instead Ms M flew (free of charge) on the next available flight to a city from which she planned to travel by train. Her decision was constrained by the fact that the airline had allowed her to check in – and by the commitments she had made.

I can't say that this was a case of departure delayed for more than 12 hours. But I think Ms M was taking reasonable steps to avoid such a delay and its consequences.

The trains were overcrowded and cost Ms M money. Her arrival was delayed by more than 12 (but less than 24) hours.

From what Ms M has said, I find it likely that she used the return half of the £190 fare.

Keeping in mind the policy terms, I think it would be fair and reasonable to order ERV to pay Ms M's claim up to a limit of £190. I will also order it to add interest at our usual rate.

my final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I order Europaische Reiseversicherung AG to:

1. pay Ms M's claim up to a limit of £190;

2. add simple interest to what it pays her at a yearly rate of 8% from the date of her claim to the date of its payment. If it decides it has to deduct tax from the interest element of my order, it shall send Ms M a tax deduction certificate when it pays her. She can then use that certificate to try to reclaim the tax, if she is entitled to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 15 February 2016.

Christopher Gilbert
ombudsman