ombudsman **news**

essential reading for people interested in financial complaints – and how to prevent or settle them

in this issue

a big decision

It's not often something happens that everyone seems to have something to say about. Over recent weeks, many conversations I've had – personally and professionally, and whatever the original topic – have come round to the result of the EU membership referendum.

Among the issues being raised following the vote, the possible impact on overseas travel – whether it's for work or leisure – is something that's important to many people.

So the theme of this *ombudsman news* – being away from home – may seem especially relevant this year.

But at this time of year, it's likely that taking some kind of break would have been on people's minds anyway. Realistically, whatever the future looks like, people will continue to travel. And it seems certain that UK financial businesses will continue to have customers all over the world.

This means the types of problems we've highlighted – from missed flights to mix-ups with ex-pats' pensions – are things we'll continue to see for some time yet.

Financial Ombudsman Service

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Caroline Wayman

So – and while there are of course many things to be worked out – for now at least it's business as usual for us. The Financial Conduct Authority has said that, until the Government and Parliament makes changes, the regulation of financial services remains the same. As the picture develops, we'll be keeping in touch with the FCA and others to talk about what the referendum decision could mean for our work.

Actually, I think it's a good prompt to reflect that it was originally UK financial businesses themselves – not the government or the EU – who, voluntarily, set up the ombudsman as a free, informal channel for resolving customers' concerns. However "Brexit" pans out, I'm confident this spirit of fairness won't disappear.

Caroline

... I'm confident this spirit of fairness won't disappear

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020 7964 1400
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away from home

Each year we're contacted by thousands of people who've experienced some kind of problem relating to being away from home.

As the following case studies illustrate, a significant proportion of these problems involve insurance – whether someone's in dispute with their travel insurer about something that's gone wrong on holiday, or they disagree with their home insurer about something that's happened in their absence. We also hear from people who've experienced problems with banking – for example, being blocked from using their account overseas.

The Financial Ombudsman covers most financial services being provided in or from the UK – but overseas customers of UK businesses don't have to live in the UK to use us. To show this in practice, we've also included examples of complaints we've received about investment and pension providers – which relate to the fact that the particular customers involved no longer live in the UK.

case study 134/1

consumer complains that travel insurer won't pay costs for replacing passport and sunglasses

Mr N was on holiday, and left his passport and sunglasses in a taxi. As a result, he had to pay around £200 for new travel documents to get home.

When he returned home, Mr N tried to claim on his travel insurance. But the insurer said his policy didn't cover him for the costs of new travel documents. They also said they'd only pay £100 for his sunglasses – despite them being worth significantly more than that.

Mr N wasn't happy. He said his policy documents had been misleading about whether he could claim for a lost passport – and as for the sunglasses, he said he'd chosen his policy because of its £250 limit for any single item he lost.

When the insurer refused to increase their offer, Mr N contacted us.

complaint not upheld

Mr N's policy booklet said the insurer would pay *"up to £250 for additional travel and accommodation expenses"* relating to replacing lost travel documents. But Mr N said the summary of cover had different wording – suggesting travel documents themselves would be covered up to £250. As a result, he said the policy was misleading, and his insurer should cover the full cost of his travel documents.

Mr N also pointed out that the summary of cover said any single item would be covered up to £250. But some way into the policy, it said sunglasses would only be covered up to £100. He said the insurer hadn't brought the limit to his attention – so they should pay the £250 he expected under the cover.

We agreed that the insurer should have done more to bring the £100 limit to Mr N's attention. But we also noted that he'd bought his sunglasses when he was already on holiday – and he'd paid significantly more than £250 for them.

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… we didn't think the single item limit was a significant factor for Mr N

It seemed Mr N either didn't know how much his sunglasses would be covered for, or he was willing to suffer a financial loss in the event of a claim. Either way, we didn't think the single item limit was a significant factor for Mr N. So we thought the insurer's decision to pay £100 for the sunglasses was fair.

As for the travel documents, we explained we didn't think the summary of cover was misleading. The summary highlighted the overall level of cover, and the policy booklet clearly explained that the cost of travel documents themselves weren't covered.

We appreciated Mr N's frustration in losing his sunglasses and travel documents. But we decided the insurer had dealt with the claim fairly.

case study 134/2

small business owner complains that blocked account has ruined his family holiday

Mr A ran a small home-security business. While he was on holiday with his family, he found his business account had been blocked by his bank. When Mr A called his bank, they told him another business had registered a debenture – a charge over his company's assets – against his company.

The bank said their policy in these circumstances was to block the company's account – and they'd only remove the block with permission from the business that had registered the debenture. They said they couldn't ask the other business for permission themselves – so Mr A would need to ask the other business to sign the necessary documentation.

Mr A said he was out of the country, so it was very difficult for him to contact the other business. After three days and several hours of overseas phone calls, he was able to resolve the problem – but in that time, he'd missed some important payments, including paying his employees' salaries.

The bank said they sympathised with Mr A's difficulties, offering to pay £50 for the inconvenience the problem had caused. But Mr A wasn't happy. He said they shouldn't have blocked his account in the first place – and their actions had ruined his holiday.

When the bank refused to increase their offer, Mr A came to us.

complaint resolved

Mr A told us he'd already given the bank a personal guarantee for his account – meaning he'd be personally responsible for meeting any debts if his business couldn't do so. So he didn't see why the bank had been so concerned about the debenture.

But we explained that the bank might have been vulnerable if something had gone wrong with his business. So we didn't think it was unreasonable for the bank to try to minimise the potential impact on them.

Mr A accepted this – but he said they should still have contacted the other business themselves.

... we didn't think it was unreasonable for the bank to try to minimise the potential impact on them

When we asked the bank why they couldn't contact the other business, they told us they had a process in place for these circumstances – and they couldn't change that process. They said if Mr A had authorised someone else in his business to deal with any problems while he was away, the situation might have been resolved sooner.

We appreciated that by not leaving a contact to deal with any issues, Mr A had made it harder for his bank to resolve the problem. But looking at the documents the bank had asked Mr A to send to the other business, it seemed his only input would be to pass them on. And from listening to Mr A's phone calls with the bank, we thought they could have been more flexible in taking his individual circumstances into account.

Following our involvement, the bank accepted that they should have taken a more tailored approach. They offered to pay £500 for the inconvenience they'd caused – which Mr A accepted.

case study 134/3

consumer living overseas complains that investment provider has "forfeited" endowment policy – after direct debit was cancelled

Mrs E lived in the Middle East – but had previously lived in the UK, where she'd had an endowment mortgage. As the endowment policy approached its maturity date, she phoned the investment provider to ask about redeeming it.

The investment provider said that they'd been trying to get in touch with Mrs E for some time. They explained that, around two years previously, the direct debit had been cancelled. They'd written to Mrs E at the UK address they had on record – but had received a phone call in response saying that she no longer lived there.

Since no premiums had been received for the last two years of the term, the policy had been "forfeited" – meaning Mrs E wouldn't get the full value.

Mrs E complained. She thought the person who'd called the product provider might have had something to do with her ex-husband – and was angry the direct debit had been cancelled. She said the investment provider should have continued to write to the UK address – and that it wasn't fair she was now going to lose out.

When the product provider wouldn't change their position, Mrs E contacted us.

complaint not upheld

Mrs E was clearly very upset about not getting all the money she'd been expecting. She said she would pay the missing premiums now, if it meant she'd get the full value of the endowment. We said we'd need to establish what exactly had happened with the direct debit – and decide whether the investment provider had done enough to try to contact her.

When we looked at the history of Mrs E's account, we saw that the direct debit was listed as "mandate cancelled". This suggested that, for some reason, it had been cancelled at her bank's end.

We explained to Mrs E that the investment provider wasn't saying *she'd* cancelled the direct debit. But equally, it wasn't fair to hold them responsible for the payments not being made.

We also explained that businesses have a duty to protect their customers' personal information. So we thought it was reasonable for the investment provider to stop writing to the UK address they had for Mrs E, once they'd been told she wasn't living there any more.

We asked the investment provider to tell us more about what they'd done to get in touch with Mrs E. They showed us evidence that they'd tried to get in touch with her through her mortgage company – who'd said they no longer had an interest in her endowment policy. They'd also written to her bank and her financial advisers, asking them to pass on the letters.

In light of this, we decided the investment provider had done enough to try to let Mrs E know about the position with the direct debit – and to give her a chance to make the missing payments. We thought that if she'd given the investment provider her new overseas address in the first place, it was likely they'd have been able to sort things out.

We appreciated that Mrs E was disappointed, but we didn't uphold her complaint.

case study 134/4

consumer complains after travel insurer won't pay out for missed flight connection

Mr C was returning from holiday, and needed to catch a connecting flight. After his first flight landed, he made his way to the terminal where he needed to catch his next flight. But when he arrived, he was told he was too late and couldn't board the plane.

After paying £350 for a new flight home, Mr C tried to claim on his travel insurance to cover the cost. But the insurer said his first flight had arrived on schedule – so his claim wasn't covered.

Mr C wasn't happy with the insurer's decision. He accepted his flight had arrived on time, but said the tour operator clearly hadn't given him enough time to make the connection. He said the tour operator wouldn't cover his costs either – so he wanted to claim on his travel insurance for the costs of taking legal action against the tour operator.

When the insurer said their policy didn't cover legal claims against tour operators, Mr C brought his complaint to us.

complaint not upheld

We asked the insurer for more details of why they'd decided Mr C's claim wasn't covered.

The insurer sent us their policy document, which clearly said they wouldn't cover a claim for a missed connection when an airline was *"unable to deliver you in sufficient time to your connecting airport to meet your connecting flight"*. Mr C had agreed that his flight had arrived at the time he'd planned – so his missed connection wasn't covered under his policy. Mr C accepted that the circumstances of his missed flight meant he couldn't claim directly from his insurer. But he pointed out that his policy also included cover for legal expenses.

He said tour operators would be involved in most claims for flights – so he didn't think it was fair for the insurer to exclude any legal claims against them.

But looking at his policy, we saw that the legal expenses cover said it was only intended for people who'd missed a trip due to illness, injury or death. We explained to Mr C we thought the cover was clearly worded – and since he hadn't missed his trip for one of those reasons, he couldn't claim under the legal cover.

We appreciated that Mr C was frustrated. We explained that he could still try to take things forward with the tour operator – but we didn't think the insurer had acted unfairly.

... the legal expenses cover said it was only intended for people who'd missed a trip due to illness, injury or death

case study 134/5

consumers complain that insurer won't cover claim for stolen bicycles because garage door doesn't have right type of lock

Mr and Mrs D got back from holiday to find their garage had been broken into – and their bicycles had been stolen from it.

When the couple claimed on their home insurance, the insurer wouldn't pay out. They said the lock on the garage door wasn't a "key-operated multiple-point device", so it didn't comply with the minimum security specifications set out in their terms and conditions.

Although Mr and Mrs D complained, the insurer wouldn't reconsider – and the complaint was escalated to us.

complaint upheld

The insurer pointed us to the specifications in the "Home" section of their policy – which said that only *"key-operated multiple-point locking devices on double-glazed PVC-u, metal or timber doors"* would be acceptable in the event of a claim.

They said that this part of the policy applied to garage doors too.

On the one the hand, Mr and Mrs D told us they thought these requirements applied only to the doors and locks on the house itself.

Looking at the wording of the policy, we could see why Mr and Mrs D might have thought that. The security section didn't refer to garage doors at all. And while the definition of "home" in the policy did include *"the garage and outbuildings"*, this definition was in a totally separate part of the policy.

The insurer sent us a photo of the lock that had been broken into. From our experience, we knew that this was a commonly-used type of lock for garage doors – with a latch handle to pull the door shut and a key-operated lock. In our view, this met the policy's security requirements. But in any case, we thought that if the insurer had wanted Mr and Mrs D to use a different type of lock, it would have been fair to make this clear to them.

We also saw that Mr and Mrs D had asked for a higher than standard level of cover for the contents of their garage. We didn't think they would have done this if they'd thought the locks on the door didn't meet the insurer's requirements – invalidating the cover they were paying extra for.

Given everything we'd seen, we told the insurer to pay Mr and Mrs D's claim.

case study 134/6

consumer complains about bank's customer service after blocked transfer leaves her unable to travel home

Mrs J, who lived in Northern Ireland, wanted to buy a second-hand lorry. She found one she liked in Scotland – so she took a day trip by ferry to buy it. But when she tried to transfer £5,000 to the owners, the transfer didn't go through straightaway.

Concerned, Mrs J called her bank – who told her bank transfers could take up to two hours to go through. By this time, Mrs J was worried she'd miss her ferry home – and she left with the lorry.

When the transfer still hadn't gone through two hours later, the owners of the lorry phoned Mrs J and told her not to get the ferry back until she'd paid. But when she checked her mobile banking, she found that her account had been blocked.

… the adviser she'd spoken to at the bank had laughed at her on the phone

Mrs J called her bank again, and spoke to an adviser. By this time, she'd missed her ferry – and she was worried she'd be left stranded away from home. But when the adviser asked some security questions, he said she'd given the wrong answers. He said she'd have to verify her identity at a branch – and there was nothing he could do to help her.

When Mrs J managed to get home the next day, she visited her local bank branch, where she was able to unblock her account and complete the bank transfer. But she complained that she'd had to pay a lot of extra money as a result of missing her ferry. And she'd been very upset by the level of customer service she'd received – saying the adviser she'd spoken to at the bank had laughed at her on the phone.

The bank apologised, and offered Mrs J £250 for her extra costs, and the inconvenience she'd experienced. But Mrs J said the offer didn't cover the embarrassment and upset they'd caused – so she contacted us.

complaint resolved

From the bank's records, we could see they'd blocked Mrs J's account because the £5,000 payment had been flagged as suspicious. But they hadn't made any attempt to contact her about this.

From listening to Mrs J's phone call with the adviser, it was clear he had ignored her concerns when she'd explained her distress at missing the ferry.

The adviser had been laughing during the phone call, and when Mrs J had asked to speak to a manager he told her she couldn't because she'd *"failed security"*. Mrs J became increasingly upset – but the adviser had simply repeated that he couldn't help, and then ended the call.

For her part, Mrs J told us she was very distressed by the whole situation. She'd spent around £200 on travel, food and phone calls as a result of missing her ferry, and she said the bank's offer didn't make up for how they'd treated her.

Given what we'd heard, we thought the bank needed to put things right. It was clear they could have done more to help Mrs J. But instead of taking the time to explain what had happened, they'd simply said they couldn't help – and dismissed her concerns.

When we pointed this out to the bank, they agreed to refund all of Mrs J's additional costs, and pay her £500 for the distress and embarrassment she'd suffered.

... we thought someone would have been very surprised to find the actual limit was only 0.05% of that amount

case study 134/7

consumer's mother complains that insurer has unfairly refused to pay repatriation costs after son died on holiday

Mr P died suddenly on holiday. His mother, Mrs P, paid £5,000 to have her son flown home, and made a claim on Mr P's travel insurance.

The insurer took several weeks to deal with the claim. But when they agreed to settle it, they said they'd only pay £2,500 – as this was the maximum cover under the policy for returning a body home.

Mrs P was very upset with the insurer's decision. She said she'd expected to receive £5,000, since the policy summary said the insurer would pay up to £5,000,000 to cover repatriation costs in the event of death. And she said the time they'd taken to settle the claim had caused her additional stress and upset.

The insurer apologised for the time taken to resolve the claim, saying they'd been waiting for more evidence. But they said they couldn't increase their offer for the cost of bringing Mr P home – so Mrs P asked for our help.

complaint upheld

We asked for more details about the delay in settling the claim. They told us the local coroner had reviewed Mr P's cause of death while he was still abroad – and from his report, it seemed Mr P's death might not have been covered under the policy.

But the UK coroner who'd reviewed Mr P's death – several weeks later – identified a different cause of death, which was covered under the policy. When the insurer received the second coroner's report, they'd tried to settle the claim straightaway – so we didn't think the insurer had acted unreasonably in waiting.

Looking at the policy document, the summary said the policy would pay up to £5,000,000 to cover *"repatriation costs in the event of your illness, injury or death during your trip."* But the full wording in the policy booklet had said they'd only pay £2,500 to return a body home.

Looking at other similar policies, we noted that most had a much higher limit for repatriation. And given the amount stated in the policy summary, we thought someone would have been very surprised to find the actual limit was only 0.05% of that amount. Given the difference, we thought the policy summary was misleading – so we told the insurer to pay the additional £2,500 Mrs P had paid to fly her son home.

case study 134/8

consumers complain that insurer won't pay out for holiday cut short by illness

Mr and Mrs Q took their children for a family holiday. When they arrived, the children fell ill. When Mrs Q also fell ill soon after, Mr Q was left to look after the family while they were treated in their hotel by a local doctor.

When the family arrived home, Mr Q tried to claim on his travel insurance. But the insurer said the family weren't covered – as they hadn't actually come home early.

Mr Q complained to the insurer. He said his family's illness had ruined their trip. They'd been confined to their room on medical grounds – so they hadn't benefited from the holiday they'd paid for. When the insurer refused to change their position, Mr Q brought his complaint to us.

complaint upheld

The insurer told us they didn't agree that the family's holiday had been cut short. They pointed out that Mr Q hadn't had to fly his family home, and the rest of his family had still benefited from their accommodation – including food and drink provided by the hotel – while confined to their room.

The insurer also said they didn't think Mrs Q had actually been as ill as she'd claimed. They said they'd received a letter from her GP describing her symptoms. But the letter had been written some months after the holiday – and the GP referred to vomiting, which the local doctor who treated her on holiday hadn't mentioned.

Looking at the records, we noted that the local doctor hadn't mentioned vomiting. But he had referred to giving her anti-sickness medication. And although the GP's letter was written some time after the holiday, Mrs Q had visited him as soon as she returned home. So we thought the letter most likely reflected what she'd told him at that time.

We explained to the insurer that we didn't think it was fair to say Mr Q and his family had benefited from being in the hotel. We pointed out that having a hotel roof over their heads clearly wasn't the same as enjoying the benefits of being in a hotel. And there would have been little difference if the family had received food and drink at a hospital rather than the hotel.

All in all, we decided the family's holiday had effectively been cut short. Given the time they'd been confined to their hotel room, the family had lost three quarters of their holiday. So we told the insurer to pay three quarters of the cost of their holiday, minus the cost of their flights.

... we didn't think it was reasonable to expect Ms R to remember something she'd received so long ago

case study 134/9

consumer complains that bank didn't tell her that she couldn't withdraw cash while abroad

On the second day of her holiday abroad, Ms R stopped to get some cash – and found her debit card wouldn't work in the local cash machine.

When Ms R phoned her bank's helpline, she was told that, although her card could be used to pay for things abroad, it couldn't be used at ATMs outside the UK. The bank suggested that Ms R ask her hotel if they'd accept a money transfer from the bank – and then pass on the cash to Ms R. But when Ms R asked her hotel, they wouldn't agree to this.

When Ms R returned from holiday a week later, she complained she'd been given the wrong information by the bank. She said that, just before going away, she'd phoned them to check she would be able to use her card – and they hadn't mentioned the ATM issue.

In response to her complaint, the bank told Ms R that it was always advisable to take more than one form of payment on holiday. They said that, in any case, her card's terms and conditions clearly said it couldn't be used to withdraw cash overseas.

To recognise Ms R's disappointment, the bank offered her £50. But she didn't think this made up for what had happened – and got in touch with us.

complaint upheld

Ms R told us that most of the shops and restaurants where she'd been staying would only accept cash – and she hadn't been able to pay for local transport either. She said this had meant she and her son hadn't been able to eat out or do all the sightseeing they'd planned to. And she'd spent a lot of time trying to sort things out. All in all, she felt her holiday had been ruined.

We asked the bank for more detail about the conversation they'd had with Ms R before she'd gone away. They couldn't find the records of the phone call, but told us their adviser remembered it being very brief.

They reiterated that they felt the onus had been on Ms R to read the card's terms and conditions – and that she should have taken an alternative card.

We asked the bank when Ms R would have received the terms and conditions for her card. Having checked their records, they told us they'd sent her a copy three years previously when they'd upgraded her card.

We explained to the bank that we didn't think it was reasonable to expect Ms R to remember something she'd received so long ago. She'd proactively asked for the information she needed, when she'd needed it – and in our view, she should have been able to rely on what the bank told her. We thought that if she'd been given the right information, she probably would have taken more cash or another card.

In the circumstances, we decided that the bank had caused Ms R avoidable inconvenience and disappointment. And we thought that £300 compensation was a fairer reflection of the impact their mistake had had on her holiday.

... as a result, his pension had been taxed in Country A and Country B

case study 134/10

consumer complains that pension is subject to double overseas tax – because pension provider didn't respond to a letter

Mr S had lived and worked outside the UK for many years. He'd bought a pension plan in Country A – through a UK-authorised pension provider – but had since moved to Country B.

When Mr S received his first annual annuity statement after retiring, he noticed that tax had been deducted from his payments. He queried this with his pension provider in the UK – who said that tax had been deducted at Country A's rate.

Mr S said he'd sent a letter with his annuity application, explaining he hadn't lived or paid tax in Country A for more than a decade. He said he'd specifically asked the pension provider to send him the relevant tax details each year so he could inform the tax authorities in Country B.

Mr S complained that the pension provider had ignored the letter – and that as a result, his pension had been taxed in Country A *and* Country B. As there wasn't a "double taxation" agreement between the two countries, he couldn't claim any tax back himself.

The UK pension provider tried unsuccessfully to get Country A's tax authorities to waive the tax. They then offered Mr S £200 to recognise their poor customer service. But Mr S remained unhappy – and contacted us.

complaint not upheld

We asked to see a copy of the letter Mr S had sent with his annuity application. In it, Mr S explained that he hadn't been a tax resident of Country A for ten years, and he asked the pension provider to send him the tax declaration each year, so he could forward it to Country B's tax authority.

Mr S told us that the pension provider should have treated the letter as a "counter offer" to their original offer to pay him an annuity subject to certain tax. He felt that in not replying to the letter, the pension provider had accepted his offer.

For their part, the pension provider accepted they hadn't responded to the letter. As part of processing the application, they'd sent a standard notice to Country A's tax authority, saying they'd make payments net of the tax that applied in Country A. The tax authority had written back to confirm this arrangement – but Mr S wouldn't have seen this correspondence.

We asked for more details about how Mr S had first bought his pension plan. We established he'd taken it out around thirty-five years previously – without taking financial advice from the pension provider. In our view, the paperwork he'd received at the time clearly explained that the plan was subject to the tax rules of Country A.

We also looked at the annuity illustration pack the pension provider had sent out as Mr S was approaching retirement. This suggested that Mr S should take financial advice – and gave details of his local tax office in Country B in case he had any questions.

We agreed with the pension provider that their failure to acknowledge Mr S's letter was poor customer service. But we didn't agree with Mr S that they should have treated the letter as a request to pay his tax in Country B – or that they could have carried out his request in any case. We thought Mr S had been given clear information – and had time to ask questions – about the tax position, before he bought the annuity. He hadn't had the benefit of financial advice, but the pension provider wasn't to blame for that.

We explained to Mr S that, in light of everything we'd seen, we thought the pension provider's offer was fair.

... he'd always intended for the end date of his holiday to be flexible

case study 134/11

consumer complains after business turns down claim for car repatriation

Mr W was on holiday driving across Europe when his car broke down. When the local breakdown agent looked at the car, he said it would need a new engine – which would cost twice the value of the car.

Unwilling to pay for a new engine, Mr W contacted his breakdown insurer and asked them to arrange for the car to be repatriated – transporting it back to the UK. But the insurer said Mr W's car could be repaired before the date his holiday was due to end – so they wouldn't cover his repatriation costs.

Frustrated, Mr W complained. He said the cost of the repair was completely unreasonable, as it would be covered for free under the warranty in the UK. He said the only reasonable option was repatriation. But the insurer maintained their policy was clear – and they wouldn't cover the cost.

Feeling he had no other option, Mr W paid for his car to be brought home himself. And – still unhappy with his insurer's actions – he contacted us.

complaint partly upheld

We needed more clarity about Mr W's holiday dates to decide if the insurer had acted fairly.

Mr W said he'd always intended for the end date of his holiday to be flexible, but he'd had to give the insurer a date for when his holiday was due to end before leaving the UK. He said he didn't think it was fair for the insurer to refuse to repatriate his car based on the date he'd given – especially given the potential cost of repairing the car abroad.

Looking at Mr W's policy document, we thought the insurer had been clear that they wouldn't cover repatriation costs if a vehicle could be repaired before someone was due to end their holiday.

We appreciated that Mr W hadn't been sure exactly when his holiday would end. But we thought it was reasonable for the insurer to rely on the date he'd given them.

On the other hand, listening to the calls Mr W had made to his insurer, it was clear their service could have been better. They'd missed several deadlines for replying to him, and he'd been passed between several departments during his calls – without any clear reason as to why.

Mr W had also been charged storage costs while his car had remained in Europe. The insurer had known Mr W was incurring charges while they were settling the claim – but there was no evidence they'd told him they might not cover his costs if they turned down his claim.

We explained that, overall, it wasn't unfair that the insurer hadn't covered the cost of repatriating Mr W's car. But given the poor service he'd received, we told the insurer to pay £200, as well as the storage costs he'd incurred.

case study 134/12

consumer complains after home insurer rejects water damage claim on grounds that home was left unoccupied

Mr B returned from a six-week holiday to find that a pipe had leaked and caused serious water damage in his house. He contacted his home insurer, who sent a loss adjuster to inspect the damage.

After the loss adjuster's visit, Mr B received a letter from his insurer saying they'd need to investigate further. After several weeks, the insurer told him they believed the "escape of water" had happened around 50 days into his holiday. And because he'd left his home unattended for longer than 30 days, his claim wasn't covered by his policy.

Mr B complained. He was unhappy about the time it had taken to get an answer – when he'd told the insurer right at the beginning of the claim how long he'd been away. He said that while he'd been on holiday, he'd read online that the insurer had raised their limit to 60 days – and thought this should apply in his case.

When the insurer insisted they'd dealt with the claim fairly, Mr B contacted us.

complaint partly upheld

We asked Mr B to show us what he'd read online – but he couldn't find the webpage again. When we asked the insurer if they knew what Mr B might be referring to, they said that they *had* recently revised their cover, and it was possible he'd seen an advert about this.

However, the insurer explained that the new limit didn't apply to Mr B's policy. It would apply after his policy renewed later that year, if he decided to continue with it. We asked the insurer for a copy of the current terms and conditions of Mr B's policy. In our view, the exclusion relating to "occupancy" was clearly worded – and clearly referred to 30 days.

The terms and conditions also said that the policyholder should tell the insurer if their property was going to be unoccupied for longer than 30 days. It didn't seem that Mr B had done this – even though, at the point he went on holiday, he hadn't yet seen the advert about the increase to 60 days.

We clarified to Mr B that the limit set out in his policy was the one that applied to him. And we explained that, given everything we'd seen, we didn't think it was unfair for the insurer to turn down his claim.

On the other hand, we were concerned about how long the insurer had taken to tell Mr B their decision. From the insurer's records, we saw that Mr B had told them he'd been away for longer than 30 days when he'd first called to make a claim. But the insurer had taken nearly three months to confirm they wouldn't pay out.

In the circumstances, we told the insurer to pay Mr B £250 to make up for the inconvenience he'd experienced because of their delays.

ombudsman focus:
first quarter statistics

We regularly publish updates in *ombudsman news* about the financial products and services people have contacted us about.

In this issue we focus on data for the first quarter of the financial year 2016/2017 – showing how many enquiries and new complaints we received, the numbers of complaints passed to an ombudsman for a final decision and what proportion we resolved in favour of consumers.

During April, May and June 2016:

- We received a total of 81,709 new complaints about financial businesses – of which just over half were about payment protection insurance (PPI).
- Packaged bank accounts and current accounts continued to be the most complained-about products after PPI.
- The overall proportion of complaints we upheld in favour of consumers was 48%.

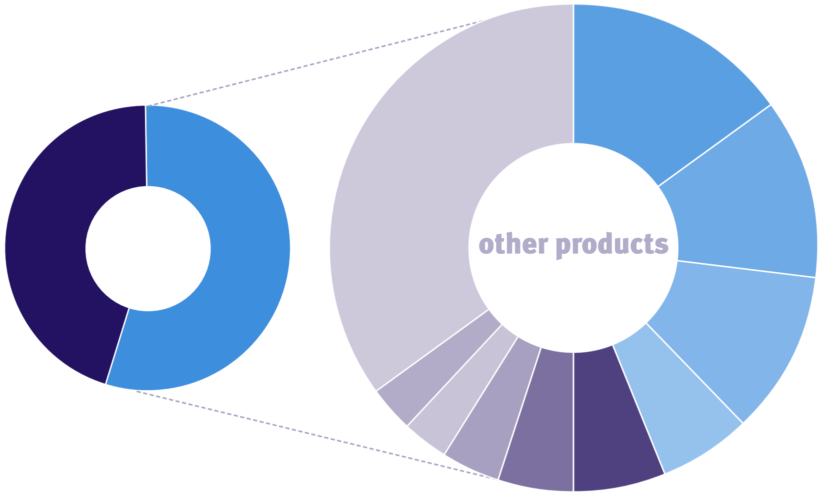
	in Q1 April – June 2016			
	enquiries received	new cases	ombudsman	% of cases upheld
payment protection insurance	53,045	43,569	7,402	57%
packaged bank accounts	9,547	7,315	655	23%
current accounts	7,344	3,789	504	25%
car and motorcycle insurance	7,196	2,550	439	29%
payday loans	3,963	2,729	440	55%
house mortgages	3,729	2,620	467	44%
credit card accounts	3,496	2,131	317	27%
overdrafts and loans	2,372	1,496	297	26%
hire purchase	2,205	1,103	186	30%
buildings insurance	2,108	1,255	274	37%
"point of sale" loans	1,114	550	91	32%
travel insurance	1,022	601	115	40%
personal pensions	965	461	79	30%

** This table shows all financial products and services where we received (and settled) at least 30 cases. This is consistent with the approach we take on publishing complaints data relating to named individual businesses. Where financial products are shown with a hyphen, we received fewer than 30 cases during the relevant period.

the financial products that consumers complained about most to the ombudsman service in April, May and June 2016

- payment protection insurance (PPI) 45%
- complaints about other products 55%

- packaged bank accounts 8%
- current accounts 6%
- car and motorcycle insurance 6%
- payday loans 3%
- house mortgages 3%
- credit card accounts 3%
- overdrafts and loans 2%
- hire purchase 2%
- buildings insurance 2%
- complaints about other products 20%



in the whole of 2015/2016 April 2015– March 2016				in the whole of 2014/2015 April 2014– March 2015			
enquiries received	new cases	ombudsman	% of case upheld	enquiries received	new cases	ombudsman	% of case upheld
241,098	186,994	13,561	66%	274,517	204,943	23,771	62%
58,379	44,260	2,959	14%	32,018	21,348	562	33%
29,189	13,939	2,400	31%	31,483	13,455	1,780	37%
27,855	8,573	1,669	33%	25,140	7,361	1,512	35%
7,485	3,168	608	66%	5,111	1,157	222	64%
16,614	11,282	2,500	38%	19,970	12,286	3,012	33%
14,653	7,792	1,603	30%	15,770	8,115	1,342	33%
10,520	6,173	1,510	31%	11,971	6,255	1,346	38%
7,111	3,029	650	40%	4,949	1,784	377	40%
7,774	4,094	1,092	38%	9,087	4,510	925	37%
3,944	2,058	450	42%	3,841	1,582	345	39%
4,323	2,256	654	48%	4,371	2,307	426	46%
4,092	1,522	317	27%	3,067	1,161	334	27%

	in Q1 April – June 2015			
	enquiries received	new cases	ombudsman	% of cases upheld
electronic money	953	256	30	30%
mortgage endowments	948	364	55	15%
debt collecting	850	257	17	39%
term assurance	752	610	95	18%
inter-bank transfers	717	426	72	30%
catalogue shopping	716	358	37	49%
warranties	696	278	58	39%
home emergency cover	680	512	96	46%
deposit and savings accounts	649	417	84	32%
whole-of-life policies	596	379	84	26%
contents insurance	575	364	79	29%
pet and livestock insurance	549	335	66	28%
portfolio management	500	329	98	38%
debit and cash cards	496	277	41	26%
secured loans	432	292	47	28%
self-invested personal pensions (SIPPs)	427	328	113	66%
private medical and dental insurance	400	293	66	30%
investment ISAs	381	292	56	36%
hiring / leasing / renting	380	150	33	40%
mobile phone insurance	376	159	18	38%
income protection	364	274	67	26%
commercial vehicle insurance	353	157	26	33%
cash ISA - Individual Savings Account	329	208	24	35%
roadside assistance	315	173	35	39%
share dealings	312	152	46	40%
card protection insurance	306	156	12	22%
debt adjusting	298	160	38	38%
credit reference agency	297	100	21	44%
specialist insurance	292	166	16	42%

in the whole of 2015/2016 April 2015– March 2016				in the whole of 2014/2015 April 2014– March 2015			
enquiries received	new cases	ombudsman	% of case upheld	enquiries received	new cases	ombudsman	% of case upheld
2,699	679	100	32%	2,173	491	61	42%
3,988	1,941	387	22%	5,353	2,573	438	24%
2,790	689	124	39%	3,434	843	100	33%
3,521	2,499	471	24%	3,592	2,644	483	21%
3,509	1,886	290	32%	2,844	1,323	179	45%
2,487	940	137	49%	2,314	882	107	55%
2,482	928	170	34%	2,341	777	89	39%
2,880	1,776	394	47%	2,397	1,298	218	43%
3,164	1,800	436	35%	3,582	1,971	400	39%
2,505	1,476	351	19%	2,674	1,587	331	23%
2,510	1,392	344	33%	3,134	1,436	273	34%
2,034	1,090	270	24%	1,645	790	153	28%
1,686	1,197	598	48%	1,763	1,236	494	51%
2,010	952	174	36%	2,432	1,043	160	43%
1,892	1,137	215	29%	1,931	1,070	222	36%
1,765	1,097	500	54%	1,467	951	497	60%
1,311	876	245	34%	1,194	786	201	36%
1,683	1,283	269	37%	1,619	1,006	216	42%
1,104	492	103	42%	921	333	72	35%
1,506	587	79	46%	1,575	536	45	51%
1,496	1,012	278	29%	1,676	1,146	239	35%
1,723	611	135	35%	1,653	514	122	36%
1,237	767	151	40%	1,290	746	88	45%
1,446	808	133	42%	1,389	733	107	37%
1,341	741	206	37%	1,366	689	172	36%
1,746	666	51	37%	2,886	1,401	33	85%
924	466	146	52%	1,441	508	112	62%
1,069	353	72	35%	792	189	38	36%
1,210	531	64	55%	1,009	350	51	53%

	in Q1 April – June 2016			
	enquiries received	new cases	ombudsman	% of cases upheld
critical illness insurance	280	216	36	20%
legal expenses insurance	264	174	63	22%
direct debits and standing orders	244	153	19	35%
merchant acquiring	236	124	24	40%
store cards	228	112	10	37%
cheques and drafts	219	118	13	33%
personal accident insurance	184	191	43	22%
instalment loans	175	185	50	35%
credit broking	170	42	24	33%
commercial property insurance	160	124	41	38%
business protection insurance	147	80	14	33%
annuities	144	128	32	13%
endowment savings plans	142	105	26	16%
"with-profits" bonds	140	73	18	28%
occupational pension transfers and opt**outs	135	116	34	28%
unit-linked investment bonds	127	114	33	47%
building warranties	116	87	23	33%
guaranteed asset protection ("gap" insurance)	113	58	5	31%
home credit	103	66	22	31%
interest rate hedge	84	88	42	36%
derivatives	79	60	35	23%
conditional sale	73	107	51	40%
spread betting	55	36	27	25%
OEICs (open-ended investment companies)	50	34	10	38%
income drawdowns	44	47	17	35%
children's saving plans	–	–	–	–
money remittance	–	–	–	–
caravan insurance	–	–	–	–
debt counselling	–	–	–	–
enterprise investment schemes	–	–	–	–

in the whole of 2015/2016 April 2015 – March 2016				in the whole of 2014/2015 April 2014 – March 2015			
enquiries received	new cases	ombudsman	% of case upheld	enquiries received	new cases	ombudsman	% of case upheld
1,141	752	204	21%	1,268	791	169	24%
1,103	704	308	29%	1,131	672	354	34%
1,022	512	91	33%	1,210	541	86	41%
980	438	74	34%	908	367	84	23%
902	465	77	43%	1,140	450	63	37%
892	502	99	41%	1,055	563	100	51%
1,046	723	114	33%	681	422	96	31%
437	259	51	48%	–	–	–	–
2,339	576	221	60%	19,266	1,213	326	64%
868	606	200	37%	1,079	645	181	38%
530	270	70	31%	540	253	59	35%
992	766	186	20%	1,149	776	148	20%
589	432	97	23%	707	509	119	19%
333	197	53	24%	454	260	54	32%
698	453	144	40%	661	457	186	49%
659	550	228	40%	739	560	261	47%
405	289	166	30%	422	299	130	58%
420	205	21	24%	423	206	35	26%
400	238	50	38%	287	136	35	36%
526	424	135	43%	498	287	100	65%
949	283	140	32%	361	197	60	31%
621	554	184	43%	385	290	90	41%
394	210	65	18%	196	98	45	19%
196	171	41	39%	154	118	83	48%
247	161	73	41%	184	180	92	42%
66	50	11	28%	72	50	3	34%
268	65	9	26%	262	109	9	52%
234	99	36	34%	280	98	26	39%
421	209	41	25%	621	140	27	46%
47	35	23	24%	–	–	–	–

	in Q1 April – June 2016			
	enquiries received	new cases	ombudsman	% of cases upheld
EPP - executive pension plans	–	–	–	–
executorships/trusteeships	–	–	–	–
film partnerships	–	–	–	–
foreign currency	–	–	–	–
FSAVC - free standing additional voluntary contributions	–	–	–	–
guarantor loans	–	–	–	–
investment trusts	–	–	–	–
logbook loans	–	–	–	–
non-structrured periodically guaranteed fund	–	–	–	–
pawnbroking	–	–	–	–
pension mortgages	–	–	–	–
PEP - personal equity plans	–	–	–	–
premium bonds	–	–	–	–
safe custody	–	–	–	–
savings certificates/bonds	–	–	–	–
SERPS - state earnings related pensions schemes	–	–	–	–
SSAS - small self administered schemes	–	–	–	–
structured deposits	–	–	–	–
unit trusts	–	–	–	–
sub total	**116,757**	**81,029**	**13,508**	**48%**
other products and services	**20,635**	**680**	**126**	**34%**
total	**137,392**	**81,709**	**13,634**	**48%**

in the whole of 2015/2016 April 2015 – March 2016				in the whole of 2014/2015 April 2014 – March 2015			
enquiries received	new cases	ombudsman	% of case upheld	enquiries received	new cases	ombudsman	% of case upheld
54	30	15	47%	–	–	–	–
50	40	11	37%	–	–	–	–
155	98	180	10%	216	174	195	6%
200	90	16	29%	166	74	14	30%
253	148	54	54%	191	142	59	48%
137	64	8	20%	–	–	–	–
149	76	11	27%	154	71	22	30%
129	60	14	38%	–	–	–	–
517	460	126	24%	–	–	–	–
122	47	13	31%	–	–	–	–
101	39	20	55%	125	94	35	46%
106	78	13	42%	96	63	14	22%
166	74	9	37%	187	72	15	29%
108	75	20	51%	119	81	28	48%
131	81	15	32%	157	51	11	33%
300	218	16	5%	525	436	17	2%
58	46	20	44%	–	–	–	–
120	40	18	33%	–	–	–	–
188	127	30	37%	174	93	30	49%
515,524	**338901**	**40,687**	**51%**	**542,626**	**328895**	**45,230**	**55%**
47,271	**441**	**94**	**34%**	**60,769**	**614**	**151**	**38%**
562,795	**339342**	**40,781**	**51%**	**603,395**	**329509**	**45,381**	**55%**

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Q?&A

One of my clients has a problem with her mortgage. She's not sure if her bank's answer is right – can she talk things through with you without making a formal complaint?

In the past year we heard from over one and a half million people wanting a steer on a financial problem they were having – and less than a third of those people went on to pursue the matter as a formal complaint. In the majority of cases we're able to sort things out at a very early stage.

In many cases, our help is as simple as explaining things in everyday terms.

We hear from people who are unsure if the answer they've had from a financial business is fair – because they're confused by jargon the business has used. When these kinds of problems arise, we can explain things clearly – helping people decide for themselves straightaway if they need to take things further.

We were set up to sort out problems as quickly and informally as possible.

And it's never been more important for us to find new and efficient ways of helping people with whatever financial problem they might be having.

You can find out about the different ways we've been helping people at an early stage – and the problems we've sorted out without needing a full investigation – in the chapter "sorting things early on" in our *annual review*.

My business has recently been authorised by the FCA – and I clearly won't want much to do with the ombudsman if I can avoid it! But I do have some questions – how can I get them answered?

If you want to know more about how we work and our approach to resolving complaints, our website is a good place to start. You can find links to the support and insight we can offer businesses at www.financial-ombudsman.org.uk/support-for-businesses.

If you'd prefer to ask us questions face to face, check our website to see if we'll be visiting your local area soon. Over the next few months we've planned a number of free workshops and roundtables – which are a chance for smaller businesses to find out more about us, and to share perspectives on specific issues that matter to them.

You can also phone our free helpline for businesses and others working with financial complaints – for an informal conversation about the ombudsman in general or specific customer complaints. We're here from 9 to 5 every weekday on 020 7964 1400.

Financial Ombudsman Service

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