

## **The complaint**

Mr E is unhappy with the offer made by AXA Insurance UK Plc (AXA) to settle his complaint. He's also unhappy because of the trouble and upset caused by AXA during the claim process.

Any reference to AXA includes all its agents.

## **What happened**

Mr E took out an annual multi-trip travel insurance policy which was underwritten by AXA. He booked a holiday with four of his friends and their travel dates were from 10 July 2021 to 17 July 2021.

While on holiday, one person from the group contracted Covid-19. As the group was sharing the accommodation, Mr E was advised by the onsite travel representative to book a separate room and to leave the friend in isolation in the room that was first booked. Mr E booked the separate room for 2 nights for a cost of 161.64 euros. Upon his return to the UK, he submitted a claim for the cost of the extra booking he had to make.

AXA assessed the claim but declined it. It said Mr E's circumstances weren't covered under the terms and conditions of the policy. Unhappy with AXA's decision, Mr E brought the complaint to this service.

Our investigator looked into the complaint and during her investigation, AXA made an offer to settle the complaint under the travel disruption section of Mr E's policy. AXA offered to pay the cost of the accommodation for the 2 nights Mr E had to book separately - it offered to pay Mr E £137.81 minus the excess on the policy of £95. So, the offer was to pay £42.81 using the exchange rate at the time.

Mr E is unhappy with the amount offered. He says the exchange rate that was used by AXA was different to the one that was actually charged by the hotel. He provided evidence of this from his bank statement.

Our investigator also said, with regards to how the claim had been handled and the delays caused that she didn't think it was reasonable to recommend any compensation.

Mr E disagreed and asked for the complaint to be passed to an ombudsman. So, it was passed to me.

I issued a provisional decision on 7 April 2022 to both parties. I said the following:

*The insurance industry regulator, the Financial Conduct Authority ('FCA'), has set out rules and guidance for insurers in the 'Insurance: Conduct of Business Sourcebook' ('ICOBS').*

*ICOBS says that insurers should act honestly, fairly and professionally in accordance with the best interests of their customers, and that they should handle claims promptly and fairly and shouldn't unreasonably reject a claim.*

*The key issues on this complaint are that Mr E:*

- Doesn't agree with the amount offered to settle the complaint.*
- He believes he should be offered compensation for the trouble and upset caused in the way AXA has handled the claim.*

*Is the offer to settle the complaint fair?*

*AXA offered Mr E £137.81 minus the excess of £95 as set out in the policy terms and conditions. Mr E has provided an extract from his bank statement which says that he was charged £138.51 by the hotel on 15 July 2021.*

*I appreciate that AXA used an appropriate currency conversion site to work out the correct amount in British Pounds. But Mr E has provided a copy of the amount he was charged, so, I'm minded to think that AXA ought to pay Mr E the slightly increased amount of £138.51 minus the excess of £95. This would mean that AXA ought to pay Mr E £43.51.*

*I think this would be fair and reasonable in the circumstances here.*

*Should AXA pay compensation for trouble and upset?*

*I've reviewed what happened in regard to the how the claims process was handled, and any delays caused.*

*I acknowledge that AXA initially declined Mr E's claim. It took longer than the usual eight weeks given to businesses under the Financial Conduct Authority's rules. But it also informed Mr E that as the eight weeks had passed, he could refer the complaint to our service. It's also not unusual for businesses to review the claim again and this is what AXA did in Mr E's case. This has resulted in an offer of settlement.*

*Overall, I accept there were some delays. But I must also bear in mind that AXA was dealing with an unprecedented situation at the time and Covid-19 has had a significant impact on the travel insurance industry given the number of customers whose travel plans were impacted by the disruption to travel. And so, I don't think it's unreasonable that this had some impact on their normal levels of service. I'm not persuaded that AXA pay any compensation for the way the claim was handled in the circumstances here.*

*Mr E has said that he was left out of pocket due to him being a student and in a vulnerable position. I understand Mr E's concerns, but the decision AXA made to decline the claim and then to subsequently review that decision has resulted in an offer of settlement. This can happen in a claim situation and the outcome is ultimately beneficial to Mr E – so, I don't think these were unfair or unreasonable actions for AXA to take.*

*AXA responded to my provisional decision and accepted it.*

*Mr E responded also. He asked about our decision process and what it would mean if he only accepted one part of the decision. Our investigator responded and explained the process to him. She also said it isn't possible to partially accept a decision but to wholly accept or wholly reject it. We heard nothing further from Mr E.*

### **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.

Having issued my provisional decision and taken into account the comments from both parties, I see no reason to depart from what I've already said in my provisional decision.

AXA should now settle the complaint by paying Mr E the cost of the hotel stays of £138.51 minus the excess.

### **Putting things right**

I direct AXA to pay Mr E £138.51 minus the excess applicable on the policy. It should also add 8% simple interest from the date of the claim to the date it's settled.

### **My final decision**

For the reasons given, I partially uphold Mr E's complaint against AXA Insurance UK Plc

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 2 June 2022.

Nimisha Radia  
**Ombudsman**