

The complaint

Ms M and Mr M are unhappy that Astrenska Insurance Limited haven't fully settled a claim they made on their travel insurance policy.

What happened

Ms M and Mr M have a travel insurance policy. They were due to go on holiday with their young son and experienced significant disruption to their outbound journey. They claimed for their unused expenses, additional costs and a damaged camcorder.

Astrenska settled the claim in part under the travel delay section of cover. But this was significantly less than Ms M and Mr M's claim. Astrenska also asked for more information about the damage to the camcorder.

Ms M and Mr M complained to Astrenska about the settlement of their claim and delays in handling it. In their final response letter Astrenska acknowledged the delays and offered £50 compensation. However, they thought the claim had been fairly settled in line with the terms. Unhappy, Ms M and Mr M complained to the Financial Ombudsman Service.

Our investigator looked into what happened. She partially upheld the complaint as she thought it was fair and reasonable for Astrenska to pay the claim for the unused accommodation and travel costs plus 8% simple interest per annum. However, she didn't think that Astrenska needed to cover the additional petrol costs or refund the cost of the unused child seat. She also didn't think it was unreasonable for Astrenska to ask for further information about the damaged camcorder. Finally, the investigator recommended that Astrenska increase the compensation for delays in handling the claim to a total of £125.

Ms M and Mr M responded to say that they thought the investigator's argument was fair. Astrenska didn't respond to the investigator. So, the complaint was passed to me to make 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 relevant rules and industry guidelines say that Astrenska has a responsibility to handle claims promptly and fairly. And they shouldn't reject a claim unreasonably.

There's no dispute that there's an insured event which gave rise to a valid claim. The key issue for me to determine is whether the claim has been fairly settled in line with the terms.

The policy terms and conditions say:

Description of Cover

1. Delay

Delay cover pays out a set amount for each 4 hours your transport is delayed due to one of the reasons listed under "What is Covered". Cover is only valid if you travel to your place of departure. We will pay up to the sum insured which applies to your trip, not each time you are delayed.

2. Additional transport costs

If you are outside the UK and delayed by at least 24 hours beyond your original return date, we will pay for additional transport costs to return you home when these are not paid by your travel provider. See information on compensation while travelling.

3. Abandonment

If you are on the outward leg of your journey from the UK and delayed by at least 12 hours, you can claim for unused travel and accommodation costs."

There's also a term in the policy which says Ms M and Mr M aren't covered for unused travel and accommodation costs that they can get refunded from another source.

I'm upholding this complaint in part because:

- I'm satisfied Astrenska has agreed to settle the travel delay claim in line with the policy terms. They've agreed to pay the maximum amount of £150 to each insured person, which totals £450. So, I think Ms M and Mr M have been paid the fixed benefit due under the policy.
- Ms M and Mr M were delayed by more than 12 hours which means they could have chosen to cancel it and claim for the full cost of their trip, subject to the remaining policy terms and limits. However, they chose to continue with their trip and in doing so have reduced Astrenska's exposure to financial loss. So, by continuing their trip, they've mitigated their losses. I therefore think it's fair and reasonable for Astrenska to pay Ms M and Mr M the cost of their unused accommodation and car hire for the days of the trip they missed. The policy also doesn't prevent a claim from being made for both delay and abandonment.
- I don't think it's fair and reasonable to direct Astrenska to pay for the cost of the unused child seat on the outbound flight. The airline cancelled the flight, and a further child seat wasn't available. So, in the first instance, Ms M and Mr M would need to take steps to obtain a refund from the airline for this.
- I've taken into account the petrol costs incurred by Ms M and Mr M's family. This isn't something that's covered by the policy and Ms M and Mr M would have incurred some costs if they'd travelled as planned and arrived on time. So, I can't fairly conclude this should be covered as an additional cost.
- I think it's reasonable for Astrenska to ask for more information about the damage to the camcorder, including evidence of whether it's possible to repair it. That's standard industry practice when a travel insurer is considering a claim like this which involves damaged electrical items.
- Astrenska accepted there were delays in handling the claim in their final response letter. I think compensation of £125 in total (inclusive of the £50 already offered)

more fairly reflects the distress and inconvenience caused to Ms M and Mr M by delays in handling their claim. Ms M and Mr M had to chase responses and there were avoidable delays in Astrenska providing them with documentation. They also didn't receive replies to their correspondence. I think this had an impact on Ms M and Mr M as it caused avoidable frustration and inconvenience.

Putting things right

I'm partly upholding this complaint and direct Astrenska to put things right by:

- Settling the claim for the four days of unused accommodation and car hire and paying 8% simple interest per annum on this amount. This should be calculated from one month after the claim was initially made until the date of settlement. If Astrenska considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms M and Mr M how much it's taken off. It should also give Ms M and Mr M a tax deduction certificate if they ask for one so they can reclaim the tax from HM Revenue & Customs if appropriate
- Paying £125 compensation to Ms M and Mr M (inclusive of the £50 already offered) for the distress and inconvenience caused by delays in handling the claim and poor communication.

My final decision

I'm upholding this complaint and direct Astrenska Insurance Limited to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M and Mr M to accept or reject my decision before 20 March 2024.

Anna Wilshaw
Ombudsman