

The complaint

Mr and Mrs S are unhappy that Chaucer Insurance Company Designated Activity Company hasn't accepted all claims made under their travel insurance policy (the policy).

What happened

Mr and Mrs S travelled abroad with their daughter. Whilst away, Mr S became unwell with sudden back and leg pain. He was admitted to hospital and had surgery. He remained in hospital until the original scheduled departure date. He, Mrs S and their daughter were able to return to the UK on their pre-booked flight.

Chaucer has agreed to cover most of the costs claimed under the policy including medical costs and hospital benefit. However, it hasn't agreed to the curtailment claim because it says the holiday wasn't cut short by Mr and Mrs S returning early to the UK. It's also declined the claim for costs of telephone calls by Mr and Mrs S as it says they aren't covered under the policy terms.

Our investigator looked into what happened and upheld Mr and Mrs S' complaint to the extent that Chaucer should pay the curtailment claim with simple interest at a rate of 8% per year and £200 compensation.

Chaucer disagreed so this complaint was passed to me to consider everything afresh and decide.

I issued my provisional decision earlier in February 2024, explaining why I was intending to partially uphold this complaint. An extract of my provisional decision is set out below.

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Chaucer has an obligation to handle insurance claims fairly and promptly. And it mustn't unreasonably decline a claim.

Relevant policy terms

Section B3 of the policy terms entitled: "Curtailment / Loss of holiday" says the policy will pay each insured person's proportionate share of stipulated costs:

that are directly related to your trip, which you have paid and cannot get back from anyone else in the first instance, or which cannot be transferred or used for another purpose due to you having to curtail your trip because the following happened after you left home, which you would not have been expected to foresee or avoid:
...you, anyone insured on this policy, or a travelling companion, became ill, were injured...during your trip...

It goes on to say:

Note:

- Your unused proportion of trip costs will be calculated from the date of your flight home, payment will be made on the number of full days of your trip that are lost.
- We will pay either your pre-booked return travel costs, or the cost of your curtailment travel costs, whichever is the greater.

Under the policy, curtailment/curtail means “the cutting short of your trip by your early return following your repatriation”

The decision not to pay the curtailment claim

For the following reasons, I don't think Chaucer has acted fairly and reasonably by declining a claim in respect of Mr S' unused proportion of holiday costs under the curtailment section of the policy terms.

- It isn't disputed that Mr S was in hospital from 26 July 2022 until 1 August 2022 (when he and his family were originally due to return to the UK).
- Under the terms and conditions of the policy, the holiday wasn't curtailed as defined by the policy because it wasn't cut short by their early return to the UK following Mr S's repatriation. However, I don't think that leads to an entirely fair and reasonable outcome in the circumstances of this case.
- I'm satisfied that Mr S' trip was, in effect, cut short by his hospitalisation for the last week of their holiday. After his admission, he didn't leave the hospital until he was discharged to take the originally booked scheduled flight back to the UK.
- I'm satisfied that it would be fair and reasonable for Chaucer to treat Mr S' holiday as being, in effect, curtailed from 26 July 2022. And as the reason for this was due to him becoming ill/injured during the holiday, I'm satisfied that it was cut short because of an insured event under the curtailment section of the policy terms.
- Mrs S has told the Financial Ombudsman Service that she and their daughter did very little whilst Mr S was in hospital. They didn't feel safe without being with him. Mrs S also says the situation they were in caused very high anxiety and they would stay at the hospital with Mr S for most of the day after leaving the hotel, after breakfast. Mrs S says whilst at the hospital she would sort and sign paperwork and would be there to support Mr S as he felt frightened. She says during the last couple of days of their holiday, she and their daughter did go to the hotel pool for an hour.
- I can, of course, understand that this was a very difficult situation and why Mrs S chose to be at the hospital with Mr S. However, I haven't seen anything to persuade me that it was medically necessary for Mrs S and their daughter to be confined at the hospital with Mr S.

Whilst I know Mr and Mrs S will be disappointed, I don't think it would be fair and reasonable for Chaucer to consider a claim for curtailment in respect of Mrs S and their daughter's holiday outside of the terms of the policy. I don't think it would be fair and reasonable to conclude that their holiday was, in effect, curtailed in the same way as Mr S' holiday.

I am, however, satisfied that Mr and Mrs S have been put to unnecessary disappointment, upset and frustration by having part of the claim unfairly declined. They've also been put to the unnecessary inconvenience of having to dispute the declination of this claim with

Chaucer. I think £200 fairly reflects the distress and inconvenience experienced by them as a result.

The decision not to pay call costs

The emergency medical and associated expenses section of the policy terms says the policy doesn't cover "the cost of taxi fares for anyone other than the patient, telephone calls, faxes or any expenses for food and drink".

I'm satisfied that Chaucer has fairly relied on the terms of the policy to decline the costs of the calls Mr and Mrs S are claiming for.

Other issues

Mr and Mrs S also say that Mr S has lost earnings since being back in the UK as he's not been able to work due to his condition.

I'm very sorry to hear that and I have a lot of empathy for his and Mrs S' situation. But the policy doesn't cover loss of earnings (general exclusion 21 on page 9 of the policy terms) and that's a common term in travel insurance policies.

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Response to my provisional decision

I invited both parties to provide any further evidence in response to my provisional decision.

Chaucer didn't reply.

Mr and Mrs S replied and, in summary, said:

- Mrs S needed to be at the hospital every day and spent time with the medical office team to deal with Chaucer, chase emails and provide permission. This couldn't have been done from a hotel. She was required to ensure that Mr S got what he needed.
- Mrs S wouldn't have been able to enjoy her holiday with their daughter whilst Mr S was recovering from surgery.

They've also set out customer service issues they're unhappy with ('customer service issues') including:

- When first contacting Chaucer, they were referred to the wrong department.
- Mr S' operation was unnecessarily delayed by a couple of days because Chaucer hadn't confirmed cover. Before surgery took place Mrs S had to sign a waiver that Chaucer would cover costs but if the claim couldn't be validated, Mr and Mrs S would reimburse it the medical costs. Chaucer only confirmed cover once Mr S had been discharged from hospital.
- Chaucer's representative gave incorrect information when Mr S was being discharged which caused unnecessary confusion. The representative called shortly after to explain and apologise for the "mix up".

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.

This decision focusses on whether Chaucer has acted fairly and reasonably by not accepting all claims made under the policy.

The customer service issues raised by Mr and Mrs S in response to my provisional decision don't form part of the complaint I'm determining. They aren't referred to in their complaint form to the Financial Ombudsman Service or mentioned in Mr S' initial call to the Financial Ombudsman Service in late January 2023. It also doesn't look like Chaucer has had an opportunity to consider and respond to the customer service issues.

If Mr and Mrs S remain unhappy about the customer service issues, they're free to raise these with Chaucer in the first instance.

I've carefully considered Mr and Mrs S' comments in response to my provisional findings about Chaucer's decision not to pay the curtailment claim and why I provisionally decided that it should only pay Mr S' unused proportion of holiday costs under the curtailment section of the policy terms. I know they will be very disappointed, but their comments don't change my thoughts on this issue.

I remain satisfied that it wasn't medically necessary for Mrs S and their daughter to be confined at the hospital with Mr S (although I can understand why they would have wanted to be at the hospital with him). Therefore, I don't think it would be fair and reasonable to conclude that their holiday was, in effect, curtailed in the same way as Mr S' holiday.

For this reason and for reasons set out in my provisional decision (an extract of which is set out above and forms part of this final decision), I partially uphold Mr and Mrs S' complaint.

Putting things right

Within 28 days from the date on which the Financial Ombudsman Service tells Chaucer that Mr and Mrs S accept this final decision, I direct it to pay Mr and Mrs S:

A. the claim in respect of the Mr S' proportion of the holiday costs in line with the remaining terms of the policy (including financial limits), on the basis that his holiday was, in effect, curtailed from 26 July 2022.

B. simple interest at a rate of 8% per year on the amount set out in A. above* from a month after the claim was made by Mr and Mrs S to the date the claim is settled.

C. £200 compensation for distress and inconvenience.

* If Chaucer considers it's required by HM Revenue & Customs to take off income tax from any interest paid, it should tell Mr and Mrs S how much it's taken off. It should also give them a certificate showing this if they ask for one. That way they can reclaim the tax from HM Revenue & Customs, if appropriate.

My final decision

I partially uphold this complaint and direct Chaucer Insurance Company Designated Activity Company to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 26 March 2024.

David Curtis-Johnson

Ombudsman