

The complaint

Mrs C complains about the way that Chaucer Insurance Company Designated Activity Company has settled a cancellation claim she made on a travel insurance policy.

What happened

Mrs C was due to travel abroad in June 2022. Unfortunately, she became unwell and wasn't fit to travel as planned. She made a claim on her travel insurance policy.

Chaucer originally turned down the claim. That's because it had relied on a medical certificate which had been completed by Mrs C's GP. This said Mrs C had been on a type of medication since 2020, following an operation she'd undergone a few years earlier. But Mrs C hadn't declared this to Chaucer when she took out the policy.

However, Chaucer later reassessed Mrs C's claim and said that if she'd made a full medical declaration, it would still have provided travel cover. But it said it would have charged her an additional premium of £33.15 for the contract. So it deducted this from the settlement it paid her.

Mrs C was unhappy with the way Chaucer had settled her claim. She provided evidence from her GP that she hadn't been taking that particular medication when she took out the policy and that she'd undergone surgery some years ago. She was also unhappy as Chaucer had only settled 50% of the accommodation costs she'd claimed. That's because it thought Mrs C's accommodation booking was for two people. But Mrs C said she'd provided Chaucer with evidence from her accommodation provider that she'd paid for single occupancy accommodation. She asked us to look into her complaint.

Our investigator thought Mrs C's complaint should be upheld. She didn't think there was evidence that Mrs C had made a qualifying misrepresentation under the relevant law. So she didn't think Chaucer was entitled to deduct an additional premium from the settlement it paid her. And she was also satisfied that Mrs S had shown her hotel room booking was for herself only. So she recommended that Chaucer should pay the full amount of Mrs C's accommodation cost, together with interest from the date it issued its final response to Mrs C's complaint.

Mrs C accepted the investigator's assessment. Chaucer agreed not to apply an additional premium to the settlement. But it maintained that Mrs C's holiday booking had been for two people and that therefore, it was fair for the settlement to be limited to 50% of Mrs C's accommodation costs.

I issued a provisional decision on 20 March 2024, which explained the reasons why I thought Chaucer should pay Mrs C's full accommodation costs. I said:

'First, I must make the parameters of this decision clear. I understand Mrs C was unhappy about the delays in Chaucer's assessment of her claim. A complaint about that specific point has already been considered separately by this service. So it wouldn't be appropriate for me to make any further finding about any delays in Chaucer's assessment of this claim. My

decision will be limited to considering whether I think Chaucer has settled this claim fairly.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So I've considered, amongst other things, the terms of Mrs C's policy and the available evidence, to decide whether I think Chaucer has settled this claim reasonably.

It's clear that following the investigator's assessment, Chaucer has agreed not to deduct an additional premium from the settlement it pays Mrs C. So I don't think I need to make a detailed finding on this point. For completeness though, I would say that I don't think Chaucer has provided evidence that it asked Mrs C clear questions about her health; that Mrs C failed to take reasonable care to answer those questions correctly or that Mrs C made any qualifying misrepresentation under the applicable law. I appreciate the medical certificate initially completed by the GP suggested that Mrs C hadn't made a full medical declaration. But the GP's follow-up letter and attached evidence clarifies that Mrs C wasn't on a particular medication after 2020 and there's no evidence she was asked to or needed to declare a historic surgery or medication she was taking in 2020.

So even if Chaucer hadn't already conceded this point, I would have found that Mrs C didn't make a qualifying misrepresentation under relevant legislation. And therefore, I wouldn't have found it was fair and reasonable for Chaucer to have applied the remedy available to it under the law.

It appears then that the remaining issue for me to decide is whether I think it's fair for Chaucer to deduct 50% of Mrs C's accommodation costs from the settlement. The cancellation section of the policy says:

'We will pay you up to the amount shown in the Schedule of benefits for your proportion only of any irrecoverable unused travel and accommodation costs and other pre-paid charges (including excursions up to £250) which you have paid or are contracted to pay, together with your proportion only of any reasonable additional travel expenses incurred if cancellation of the trip is necessary and unavoidable and due to:

...

- Your illness.'

Chaucer has defined 'your' as: 'each person travelling on a trip whose name appears in the Certificate of Insurance.'

It's clear from the flight booking invoice that Mrs C was flying abroad with another person. Mrs C accepts this. So I think it was reasonable for Chaucer to pay 50% of the total flight costs.

However, Mrs C has provided us with a copy of the accommodation booking and an email from the accommodation provider. Both emails were sent from the same email address and I see no reason to doubt their veracity. One of those emails, dated 9 January 2023, says:

'This is confirmation that (Mrs C) booked for single occupancy for her holiday to...(hotel).'

In my view, Mrs C has provided compelling evidence that the accommodation was for her use only. She says she was due to fly with another person but that they were staying in a different hotel. Mrs C's reported sole use of the accommodation is corroborated by the email from the provider. On the other hand, Chaucer hasn't provided me with any persuasive evidence to show that Mrs C's accommodation was due to be shared with another person.

On this basis, I agree with the investigator that Chaucer hasn't shown it was fair and reasonable to deduct 50% of the accommodation costs from its settlement. I find that Chaucer must pay Mrs C 100% of the accommodation costs she's claimed for, together with 50% of her flight costs, less any applicable excess.

I also currently think that it would be fair and reasonable for Chaucer to pay interest at an annual rate of 8% simple on the total additional settlement amount it pays Mrs C. The investigator thought this should be paid from late November 2023. But I disagree. I think interest should be paid from the date Chaucer first turned down Mrs C's claim – on 3 May 2023. I say that because it seems to me that even if Chaucer felt at that time that Mrs C had failed to make a full medical disclosure, it was in a position to carry out a retrospective screening and offer her settlement in line with the remedy under the relevant law and pay at least 96% of the claim.

But it didn't do so. Instead, it refused her claim entirely. And I'm not satisfied this was a fair or reasonable position for Chaucer to take. While I appreciate the doctor's subsequent letter is dated after the original claim decline, I still think Chaucer had enough evidence available in May 2023 to pay the vast majority of this claim and to show that Mrs C had paid for single occupancy accommodation. Therefore, I think Mrs C has been without access to the settlement she should have been paid from May 2023 onwards and that therefore, in this case, interest should be paid from that date.'

I asked both parties to send me any additional evidence or comments they wanted me to consider.

Both Mrs C and Chaucer accepted my provisional findings.

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 done so, as both parties have accepted my provisional findings, I see no reason to change them. So my final decision is the same as my provisional decision and for the same reasons.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that I uphold this complaint.

I direct Chaucer Insurance Company Designated Activity Company to:

- Pay Mrs C 50% of the flight costs and 100% of her accommodation costs, less any applicable excess and in line with the remaining terms and conditions of the policy; and
- Add interest to the settlement at an annual rate of 8% simple from 3 May 2023 until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 14 May 2024.

Lisa Barham
Ombudsman