

The complaint

Mr R has complained that AWP P&C S.A. has offered to consider only 50% of the claim he made on a travel insurance policy.

What happened

Mr R and a travelling companion were going on a trip abroad in September 2023, although it is only Mr R that is covered under the policy. Unfortunately, their outbound flight was cancelled just prior to departure, with a replacement flight being provided some 27 hours later. Therefore, upon returning to the UK, Mr R made a claim on the policy for unused and additional costs incurred.

AWP initially declined the claim. But when Mr R made a complaint, it agreed that it should have considered it. However, AWP said that it would only consider paying 50% of the costs being claimed for, as those were Mr R's proportion of the costs. It said that his travelling companion would need to make a claim on her own travel insurance to recoup the costs attributable to her. This was in spite of Mr R explaining that he was solely responsible for paying the costs claimed for.

Our investigator didn't think AWP had acted reasonably in its assessment of the claim. She recommended that AWP should settle Mr R's claim in line with the remaining policy terms, without the 50% reduction or the submission of more information. She also recommended that AWP should pay £150 compensation for delays and inconvenience.

AWP disagrees with the investigator's opinion and so the complaint has been passed to me for 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.

Mr R has spoken about wanting AWP to be fined for its shortcomings. It's important to make clear that we are not the regulator. Our role is to investigate individual complaints made by consumers to decide whether, in the specific circumstances of that complaint, a financial business has done something wrong which needs to be put right.

I've carefully considered the obligations placed on AWP by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for AWP to handle claims promptly and fairly, and to not unreasonably decline a claim.

Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it's willing to cover and set these out in the terms and conditions of the policy document. The test then is whether the claim falls under one of the agreed areas of cover within the policy.

So, I've considered the terms of the policy Mr R held, as this forms the basis of contract between the parties.

Under 'general conditions' it states that AWP will:

'Refuse to pay any claim under this policy for any amounts covered by another insurance or by anyone or anywhere else (for example, any amount you can get back from private health insurance, any reciprocal health agreement, travel suppliers, home contents insurers or any other claim amount that can be recovered by you). In these circumstances we will only pay our share of the claim.'

Some policies contain terms that specifically exclude costs where the policyholder has paid for anyone not named on the policy. However, this policy does not contain any such wording.

I appreciate that AWP doesn't want to cover costs that are recoverable elsewhere. However, the policy terms stop short of excluding costs incurred by the policyholder on behalf of others.

Therefore, the question I need to consider here is whether I am persuaded that Mr R was genuinely responsible for all the costs being claimed for and that there was no arrangement in place for his travelling companion to contribute towards any expenses.

Mr R has provided evidence to AWP that he booked and paid the full balance for the costs being claimed for.

I asked Mr R what the purpose of his trip was. I won't go into details but I am satisfied from his answer that he paid for his travelling companion's portion of the costs as a genuine gift.

As Mr R has borne the full cost of the trip, I think it would be unfair for AWP to reduce any settlement by 50%.

AWP had asked for some more information before settling the claim, in relation to the accommodation booked for 17 September 2023 not allowing late check-in. As our investigator has explained, this information was readily available online and so I'm satisfied there's no need for AWP to ask Mr R for further information.

Our investigator thought that £150 was an appropriate amount of compensation for delay and inconvenience. I appreciate Mr R thinks it should be more in light of the time and trouble he took in emailing and calling AWP. However, as an alternative dispute resolution service, our awards are more modest than Mr R might expect. On balance, I'm satisfied that £150 is reasonable compensation for the impact of the delays.

Overall, based on the available evidence, I consider that AWP should:

- Settle the claim in line with the remaining policy terms, without applying a 50% reduction and accepting that late check in on 17 September 2023 was not possible.
- Pay £150 compensation for delay and inconvenience.

My final decision

My decision is that I uphold the complaint and require AWP P&C S.A. to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 6 August 2024.

Carole Clark
Ombudsman