

The complaint

Mrs M and Mr S have complained that AWP P&C SA (AWP) did not refund the cost of a single trip travel insurance policy after it would no longer provide cover following a change in Mr S's health.

The complaint involves the actions of the policy administrators, acting on behalf of AWP. To be clear, when referring to AWP in this decision I am also referring to any other entities acting on its behalf.

Mrs M and Mr S are being represented by a family member in making this complaint. However, for ease, I will mostly just be referring to Mrs M in this decision as it was her that was mostly dealing with AWP.

What happened

In early 2023 Mrs M booked a holiday abroad for her and her father, Mr S. At the same time, she purchased the insurance policy, via the travel operator. The cost of the policy was £54.58. The holiday was due to start on 23 October 2023. Unfortunately, Mr S suffered a serious health event a few weeks beforehand. AWP were notified of the change in his health and as a result, said it could no longer provide cover.

Mrs M was able to source cover from an alternative provider and so they were still able to go on their trip. The cost of the new policy was £76.44.

Our investigator didn't think that AWP had acted fairly. He recommended that, rather than just refunding the original cost, AWP should pay for the cost of the new policy. Additionally, he recommended that it should also pay £100 compensation for the distress and inconvenience caused.

AWP agreed to pay the £100 compensation. It also said it would be happy to refund the £54.58 cost of the original policy. However, it didn't think it was right that it should have to pay the increased cost of the alternative policy. Because AWP disagree with the investigator's opinion, 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.

AWP says it would have provided a refund of the premium but that it had not been given the opportunity to do so as the travel operator failed to inform it about the request for a refund. Having looked at the available evidence, I can see that there was a breakdown in AWP's internal communications. As a result, neither the refund nor the complaint were dealt with as they should have been.

However, I agree with our investigator that AWP was in a position to provide a refund on 12 October 2023. Because that's the date when its nurse assessor confirmed to Mrs M that it was unable to continue cover.

The problem was that Mrs M was then incorrectly advised to contact the travel operator to discuss a refund. The travel operator failed to fully understand the situation, despite Mrs M's best efforts, and said that the insurance was non-refundable.

I agree with our investigator that it would be appropriate to require AWP to go a little bit further in this case than just refunding the original policy cost.

The reason for this is because Mrs M would have been entitled to make a claim for cancellation of the holiday. The cost of the new policy she was able to source was much less than the value of the cancellation claim that could have been made. So, by choosing to take out cover elsewhere and continue with the trip, she has essentially reduced AWP's exposure to loss. Therefore, I consider it would be fair in this case for AWP to pay Mrs M £76.44 for the cost of the new policy.

Additionally, I am satisfied that £100 is a reasonable and proportionate amount of compensation for the distress and inconvenience caused.

My final decision

For the reasons set out above, I uphold the complaint. I require AWP P&C SA to pay £76.44 for the cost of the alternative policy. In addition, it should pay £100 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr S to accept or reject my decision before 6 June 2024.

Carole Clark

Ombudsman