

The complaint

Mrs G and Miss G are unhappy that Astrenska Insurance Limited (Astrenska) increased the premium on their travel policy mid-way.

Any reference to Astrenska includes all its agents.

What happened

Mrs G and Miss G had a joint annual travel insurance policy. The policy started on 31 July 2022 and ended on 30 July 2023. Astrenska is the underwriter on the policy.

Mrs G unfortunately had a fall in their garden and broken her arm on 13 June 2023. Mrs G and Miss G had booked a holiday and were due to depart on 29 June 2023.

Miss G contacted Astrenska to update it about Mrs G's broken arm. It asked for confirmation of Mrs G's medical records and that she was able to travel, which her consultant then provided.

Miss G called Astrenska to confirm that Mrs G had been told by her consultant that she was able to travel. It updated its records and said an additional premium would need be charged on their policy. The additional premium was £760.57.

Mrs G and Miss G were unhappy with the increase in premium. They say they'd already paid for their holiday and were left with no choice but to pay the increased amount. They made a complaint to Astrenska.

It issued a final response and said the increase was a mid-term adjustment. It said because of Mrs G's injury, the premium increased automatically, and the factors had been applied correctly.

Unhappy with Astrenska's response, Mrs G and Miss G brought their complaint to this service. Our investigator didn't uphold the complaint. She said Astrenska is entitled to increase the premium of a policy, under the terms and conditions, where a change in the health of a policyholder has been declared. In this case, the change in health meant that Mrs G could still continue her cover, but an additional premium had to be paid. Our investigator also said she'd looked at the information provided by Astrenska regarding how the increase had been applied. She didn't think Mrs G and Miss G had been treated unfairly or any less favourably than other policyholders in similar situations.

Mrs G and Miss G disagreed and asked for the complaint to be referred to an ombudsman. So, it's been passed to me.

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 key issue I need to decide is whether Astrenska applied the additional premium to

Mrs G and Miss G's policy in line with their policy terms and conditions and whether that had been applied fairly.

I would firstly like to confirm, it's not my role to tell a business the premium it should charge its customers or the factors it should consider when deciding on the cost of a policy. Our approach generally is to ensure that an insurer is treating all its customers fairly and equally by looking at the evidence it provided in deciding the cost of the policy.

Insurers sometimes change their terms of insurance partway through the policy term. This usually occurs after the customer lets them know about a change in circumstances and is known as a mid-term adjustment. An insurer's right to alter the terms of the policy is normally found within the policy.

So, I've started by looking Mrs G and Miss G's policy to see if Astrenska has increased the premium in line with the terms and conditions. On page 11 of the document, under the 'Medical Declaration' section, it states:

[...]

If, between booking a trip and the departure date, the status of a pre-existing medical condition changes, or you are diagnosed with a new medical condition, you must tell us as soon as possible and you will be covered for cancellation of your trip. However, if you still wish to travel, we will advise you if cover is still available under this policy.

Please note that you must tell us even if you have made a travel claim in relation to a change to a pre-existing medical condition or the diagnosis of a new condition.

If we are unable to continue cover we will:

- *pay a cancellation claim for any pre-booked trip; or*
- *give a pro rata refund of your premium if you do not wish to cancel your trip, unless a claim has been made.*

If we are able to continue cover we may:

- *charge an additional premium; and/or*
- *cancel your annual policy and offer cover under a single trip policy for the pre-booked trip.*

[...]

Based on the above, as Mrs G's injury to her arm was declared, Astrenska said, cover could be continued but it said there would be an additional premium to pay. So, I'm satisfied that the terms allow Astrenska to apply an additional premium to Mrs G and Miss G's travel policy.

I've gone on to look at whether the additional premium has been applied fairly. I've considered carefully the information Astrenska has provided regarding calculating the new premium for Mrs G. It's provided us with a risk ratio taking into account Mrs G's broken arm. The information is given to us in confidence as it is commercially sensitive, and we've agreed to accept it on this basis. Astrenska's decision to increase the premium considering Mrs G's new health declaration was based on information that was relevant to the assessment of risk.

I'm satisfied that the information provided shows Mrs G wasn't treated any less differently or unfavourably than other policyholders in a similar situation. I can't see therefore that the premium has been applied incorrectly or unfairly.

I acknowledge Mrs G and Miss G's comments that they brought their complaint to this service because this is what the Financial Conduct Authority (FCA) advise. And that they had no option but to pay the additional premium as they risked not going on an expensive holiday they'd already fully paid for. I do understand the situation was difficult to bear.

However, while bringing a complaint to this service wasn't incorrect, we are not the regulators and can only look at what's happened in the individual circumstances of a complaint. In this case, we can only look at the information provided by Astrenska to see if the additional premium that's been applied is fair in the circumstances. And I'm satisfied that Astrenska has done this fairly and reasonably.

Overall, I'm sorry to disappoint Mrs G and Miss G but I don't think Astrenska has done anything wrong. It follows that I don't require it to do anything further.

My final decision

For the reasons given above, I don't uphold Mrs G and Miss G's complaint about Astrenska Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Miss G to accept or reject my decision before 29 July 2024.

Nimisha Radia
Ombudsman