

## **The complaint**

Mr B is unhappy with the way Admiral Insurance (Gibraltar) Limited handled a claim made on his 'gold' travel insurance policy ('the policy'). He also says the terms of the policy relied on to only cover part of his claim are unfair and misleading.

## **What happened**

I issued my provisional decision earlier in September 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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Admiral has an obligation to handle insurance claims fairly and promptly. And it mustn't unreasonably decline a claim.

Relevant terms and conditions of the policy

The personal belongings section of the policy terms and conditions provides cover if personal belongings are lost, stolen or accidentally damaged during the trip and:

up to the policy limits shown in your policy schedule...The most we will pay in respect of single items or for valuables is as shown in your policy schedule.

It goes on to say:

This is not a new for old policy and no payment will amount to more than the original purchase price. If the item is more than a year old we will reduce the policy limits to allow for wear and tear....

It then goes on to provide a link to Admiral's website for more information on how wear and tear deductions are applied.

Valuables are defined by the policy terms as:

personal items of value which belong to you such as cameras, camcorders, binoculars, telescopes and accessories, audio equipment, audio visual and television equipment, spectacle and glasses, drones, computers, tablets, gaming consoles, electronic book readers, satellite navigation equipment, mobile phones and accessories , jewellery, watches and items made of or containing gold, silver, precious metals, precious or semi-precious stones.

The policy schedule sets out a summary of financial limits which apply to different sections of the policy terms. Relevant to this complaint are:

- personal belongings – overall limit of £2,000.
- single item limit of £300.
- valuables limit of £300.

There's also a section of the policy terms which covers money and travel documents. That includes additional costs involved in returning to the UK. It says:

We will pay up to the policy limit shown in your policy schedule if your personal money, passport or travel documents are accidentally damaged, lost or stolen during your trip.

This includes:

the additional accommodation and travel costs incurred for your return to the UK.

The policy schedule reflects that the overall financial limit for this section of the policy is £400.

The claim for personal belongings

I can understand why Mr B is disappointed that his personal belongings claim hasn't been paid in full, but apart from one aspect of his claim (which I mention below), I'm satisfied that Admiral has acted fairly by relying on the terms and conditions of the policy to reduce the amount he's claiming for.

I'm satisfied that the policy only covers items he's able to substantiate which were owned by him.

I'm also satisfied that Admiral has acted fairly and reasonably by applying the limit of each single item and valuables to £300, in line with the financial limits which I'm satisfied are clearly set out in the schedule of insurance (and also mentioned in the Insurance Product Information Document (IPID), summarising the key features of the policy).

Further, items over 12 months old are subject to wear and tear deductions and apart from certain prescribed items, the value will go down 10% per year (20% for electrical items up to a maximum of 60%).

The depreciation rates for any given time are on its website, and a link to that is provided at the relevant section of the policy terms.

Mr B says he wasn't aware of the depreciation rates but it's common for travel insurers to apply such rates for certain personal belongings, so I don't think this is something that reasonably ought to have been brought to his attention in the IPID.

As stated above, there's a link to the depreciation rates in policy document. Based on my experience, I'm also satisfied that the rates used by Admiral relevant to this claim aren't outside of the industry norm.

Apart from one aspect, I think Admiral has paid the claim in line with its depreciation rates and has acted fairly and reasonably when doing so.

Admiral has recently accepted that it underpaid Mr B's claim for a charging cable he bought in July 2021. It originally paid him £6.59 for this item (using a depreciation rate of 40%) rather than £8.80 (when applying a depreciation rate of 20%). Admiral says that left a discrepancy of £2.21. It's agreed to pay this amount together with simple interest at a rate of 8% per year and compensation in the sum of £20 to reflect the distress and inconvenience this underpayment caused Mr B.

I'm satisfied that this is fair and reasonable to put things right for Mr B in respect of the small

underpayment of his claim and the compensation now offered fairly reflects the frustration and confusion this would've caused him.

The claim for travel back to the UK

As the reason Mr B required a new flight back to the UK was due to his passport being stolen, I'm satisfied that it was fair and reasonable for Admiral to consider this claim under the money and travel documents section of the policy terms.

I'm satisfied that Admiral acted fairly and reasonably by requesting evidence from Mr B that he was required to reimburse a relative for the cost of the flight back to the UK that was paid on his behalf. That was to ensure that the loss being claimed for was Mr B's.

Although it ended up paying a claim under the money and travel documents section (up to the financial limit of £400) without this evidence, I don't think it was required to do so. Therefore, I'm satisfied it acted fairly and reasonably.

I'm also satisfied that any further costs claimable under this section over and above the financial limit of £400 are not payable. I think this limit is clearly set out in the schedule of insurance (and is also mentioned in the IPID).

I've also looked at the other sections of the policy terms to see whether travel back to the UK is covered in the circumstances of Mr B's claim, including the missed departure and trip curtailment sections of the policy. And I'm satisfied that, unfortunately, they're not.

Unfortunately, his circumstances aren't listed as an insured event in other sections of the policy and whilst I know Mr B will be very disappointed (and I have a lot of empathy for the situation he found himself in whilst abroad which would've been very traumatic), travel insurance policies (and certain sections of policies) don't cover every eventuality.

Delays and claim handling

Admiral accepts that it did cause some delays when handling the claim and by way of one of its final response letters dated August 2023 it apologised and paid Mr B £65 compensation.

I think that was fair and reasonable compensation to reflect the impact on Mr B and the distress and inconvenience caused during that time, including the delays and being told at one point that his claim had been closed (when it was still being progressed). I accept that this would've been frustrating for him, and he was put to the trouble of having to chase for updates.

However, I'm satisfied that after those initial delays, Admiral promptly sought to progress the claim and requested further information from Mr B in support of his claim, which I think was reasonable. I'm satisfied that it's for Mr B to substantiate his claim and the information requested was relevant to his claim. So, I don't think I can reasonably hold Admiral responsible for any further delays.

Mr B is also unhappy that Admiral's claims department was closed at weekends. However, I'm satisfied that its opening times are a commercial decision for Admiral and insurers operate different opening hours for its claims department as opposed to its emergency medical assistance department (which is open 24 hours a day).

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I invited both parties to provide any further information in response to my provisional decision. Mr B didn't reply. Admiral 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.

I haven't received any further information in response to my provisional decision, so I'm satisfied that there's no compelling reason to depart from my provisional findings.

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

### **Putting things right**

I direct Admiral to put things right by paying Mr B:

- the discrepancy of £2.21 for the charging cable;
- simple interest on £2.21 at a rate of 8% per year from a month after the date Mr B made his claim was to the date payment of the discrepancy is made\*; and
- £20 compensation for distress and inconvenience.

\* If Admiral considers it's required by HM Revenue & Customs to take off income tax from any interest paid, it should tell Mr B how much it's taken off. It should also give him a certificate showing this if he asks for one. That way Mr B can reclaim the tax from HM Revenue & Customs, if appropriate.

### **My final decision**

I partially uphold Mr B's complaint to the extent set out below and direct Admiral Insurance (Gibraltar) Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 24 October 2024.

David Curtis-Johnson  
**Ombudsman**