

The complaint

Mrs and Mr T complain that AWP P&C SA declined their travel insurance claim and about its service. My references to AWP include its agents.

What happened

Mrs and Mr T bought an annual multi trip travel insurance policy, the policy reference beginning with E (policy E), which covered them from 1 October 2021 until 30 September 2022. In August 2022 they renewed the policy, the policy reference beginning with N (policy N), which covered them from 1 October 2022 to 30 September 2023. Both policies were insured by AWP.

Mrs and Mr T were due to travel abroad on 30 September 2022. The trip had been booked in 2019 but had to be rescheduled due to the Covid-19 pandemic.

As the trip was due to start on the last day of cover by policy E Mrs and Mr T knew they would have to renew the insurance to be covered for the rest of their trip. However, in July 2022 Mr T went to see his GP as he'd recently had issues with his breathing. On 12 August 2022 Mr T saw a cardiologist who thought he would need a new heart valve, but first he needed a CT scan and depending on the outcome the recommended treatment and timings would be confirmed.

Mrs and Mr T said:

- On 15 August 2022 Mrs T called AWP's screening team and then its renewal team to tell AWP about Mr T's health issue and renew the insurance for a further year. Policy N was issued that date and Mrs and Mr T say AWP told her they would need to pay an extra premium for Mr T's medical condition once it was confirmed what his treatment would be.
- On 22 August 2022 the doctors told Mr T that his hospital procedure would be on 22 September 2022.
- Mrs T called AWP's screening team on 23 August 2022 to tell it the date of the medical procedure and she was told to call back after the procedure had been completed to pay the extra premium.
- On 24 August 2022 Mr T's GP told Mr T to cancel the trip due to the procedure. On 30 August 2022 Mrs and Mr T cancelled the trip.
- On 9 September 2022 Mrs and Mr T made a claim for the costs of their cancelled trip.
- On 23 September 2022, the day after the hospital procedure had taken place, Mrs T called AWP to tell it the treatment Mr T had and they paid the extra premium AWP asked for.

In November 2022 AWP declined the claim. It said the medical certificate completed by Mr T's GP to support the claim showed Mr T had been diagnosed with a medical condition in 2012 and that he went for a consultation due to the 'exacerbation of the condition' in July 2022. AWP said that meant Mr T's medical condition was a pre-existing condition investigated within in the last five years of taking out the policy which wasn't covered under the policy terms.

Mrs and Mr T complained to us. In summary they said:

- AWP unfairly declined the claim. Mr T had endocarditis in 2012 from which he'd recovered at the time and he'd had no treatment or medication for that condition in the last five years before they took out policy E in 2021. So he didn't have a pre-existing condition as defined by the policy terms.
- In August 2022 Mr T declared the medical condition he needed treatment for when they bought policy N and they followed AWP's instructions about paying the premium to cover the medical condition.
- Their claim should be covered by one or both of the policies. They believe the cost of the lost trip exceeded the limit of the cover under the policy but they want AWP to pay the claim to the policy limit.

Our investigator said AWP had unfairly declined the claim. She recommended AWP pay the claim in line with the remaining policy terms plus interest, and pay Mrs and Mr T £100 compensation for their distress and inconvenience its poor handling of their claim caused.

Mrs and Mr T accepted our investigator's recommendation. AWP didn't respond to our investigator's recommendation despite her chasing it for a response several times so the complaint has been referred to me to decide.

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'm satisfied that AWP has had reasonable opportunity to respond to our investigator's recommendation and hasn't, so I think it's reasonable for me to now make a decision on the complaint.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And they mustn't turn down claims unreasonably.

I think AWP unreasonably declined the claim and unfairly handled the claim. I uphold the complaint. I'll explain why.

The policy terms and conditions of policy E and policy N cover Mrs and Mr T up to £5,000 per insured person if they have to cancel their trip due to illness.

A policy exclusion under the cancellation section of the policies says AWP won't pay for:

'any claim directly or indirectly caused by, arising or resulting from, or in connection with:

...

2. A pre-existing medical condition unless the insurer has agreed to provide cover and you have paid any additional premium required'.

The general exclusions of the policies include:

'You will not be covered under ... Section D – Cancellation or curtailment .. for any claim directly or indirectly caused by, arising or resulting from, or in connection with either;

1 At the time of taking out this policy:

- a. Any pre-existing medical condition unless you have contacted the medical screening service on (phone number), online at (website address) and the insurer has agreed to provide cover and you have paid any additional premium required'.*

The policy defines pre-existing medical condition as:

'a. Any respiratory condition (relating to the lungs or breathing), heart condition... for which you have received treatment (including surgery, tests or investigations by your doctor or a consultant/specialist or prescribed medication) in the last five years.

b. Any medical condition for which you have received surgery, in-patient treatment or investigations in a hospital or clinic within the last 12 months, or are prescribed medication'.

AWP said it wouldn't pay the claim as the trip was cancelled due to an exacerbation of Mr T's pre-existing condition of endocarditis (a heart condition) which he had in 2012. I don't think AWP reasonably declined the claim on that basis.

The medical certificate from Mr T's GP says:

- The trip had to be cancelled because Mr T needed an aortic valve implantation due to the deterioration of a surgical valve.
- Mr T first consulted the GP on the matter in July 2022 and he was diagnosed on 12 August 2022.
- Mr T had a related condition of an aortic valve replacement due to endocarditis in 2012. He hadn't been on regular review or medication for that condition.
- In the last 12 months Mr T hadn't had in-patient treatment, hadn't been on a waiting list for treatment and hadn't had a terminal diagnosis.
- Mr T was medically advised to cancel the trip on 24 August 2022.

The GP's evidence supports the information that Mrs and Mr T have given. The last known investigation of Mr T's related condition, evidenced in the claim form by the GP, was in 2012. That was more than five years before Mrs and Mr T took out policy E in 2021. So I don't think AWP reasonably considered that condition to be a pre-existing condition, as defined by the policy terms, when Mrs and Mr T took out policy E.

The trip departure date was on 30 September 2022, which was covered under policy E as that covered from 1 October 2021 to 30 September 2022. I think that when Mrs and Mr T had to cancel the trip in August 2022 they were covered for cancellation by Policy E. The medical condition which caused the cancellation wasn't a pre-existing condition as defined by the policy terms.

AWP hasn't said, or referred to any policy wording which says, that policy E can't be considered to cover this claim as some of the trip extended later than policy E's last date of cover. But even if I thought the claim wasn't covered under policy E because of that issue I think it would be fair and reasonable for AWP to cover the claim under policy N.

The GP's evidence confirms that Mrs and Mr T were advised to cancel the trip due to Mr T's condition on 24 August 2022. AWP hasn't disputed that Mrs T had already declared Mr T's condition to AWP on 15 August 2022, before the policy renewed, and that it agreed to cover the condition. The cancellation of the trip happened before the premium was paid. But AWP hasn't disputed what Mrs and Mr T have said about them delaying paying the premium

because they followed AWP's instructions about when to pay. AWP's letter to Mr T of 23 September 2022 confirms the aortic valve replacement had been declared and he'd paid an extra premium for the condition to be covered.

In all the circumstances I don't think AWP could fairly decline the claim under policy N on the basis that the claim was caused by an excluded pre-existing condition. On the evidence I have Mrs and Mr T declared his medical condition when taking out policy N, AWP had agreed to cover it for a premium which it said it would later calculate and which Mrs and Mr T paid.

I'm satisfied that a fair and reasonable outcome is for AWP to pay the claim, as I've detailed below.

It's clear from the evidence I've seen that AWP's unreasonable handling of the claim caused Mrs and Mr T considerable of distress and inconvenience over several months. AWP has given no reason why it shouldn't pay compensation for Mrs and Mr T's distress and inconvenience. I think the £100 compensation our investigator recommended is a reasonable amount to acknowledge their distress and inconvenience it caused.

Putting things right

AWP should pay Mrs and Mr T's claim in line with the remaining policy terms and limits plus interest as I've detailed below. It should also pay Mrs and Mr T £100 for their distress and inconvenience its unfair service caused.

My final decision

I uphold this complaint and require AWP P&C SA to:

- pay Mrs and Mr T's claim in line with the remaining policy terms and limits plus interest* at 8% simple a year from the date of claim to the date of settlement, and
- pay Mrs and Mr T £100 for their distress and inconvenience its unfair service caused.

*If AWP P&C SA considers that it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mrs and Mr T how much it's taken off. It should also give Mrs and Mr T a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T and Mr T to accept or reject my decision before 9 August 2023.

Nicola Sisk
Ombudsman