

The complaint

Mr B and Ms B complain about AWP P&C SA's settlement of their travel insurance claim. My references to AWP include its agents.

What happened

Mr B and Ms B have travel insurance through a bank account. The insurer is AWP.

Mr B and Ms B had to extend their holiday abroad as Mr B tested positive for Covid-19. They isolated in their bed and breakfast accommodation for three days then the doctor they saw said they could leave their accommodation but a fit to fly certificate couldn't be issued for at least 10 days. Mr B and Ms B claimed for medical costs, food and amenity costs for their extended stay.

AWP paid the medical costs and a 'medical confinement benefit' of a total of £300 for the three days Mr B and Ms B were confined to their accommodation. AWP wouldn't pay the food costs or other amenity costs Mr B and Ms B incurred after they came out of confinement and before they returned to the UK. AWP accepted it had delayed in assessing the claim and offered £30 compensation as an apology for the delay.

Mr B and Ms B complained to us. They said if they'd originally booked to stay in half-board or all-inclusive accommodation AWP would have covered that type of accommodation for the trip extension which would have included food costs, so AWP should pay their food costs.

Our investigator said AWP had reasonably settled the claim.

Mr B and Ms B disagree and want an ombudsman's decision. They added:

- AWP unfairly penalised policyholders who chose bed and breakfast accommodation which people chose for economic or dietary reasons.
- They didn't choose to extend their stay and incur additional costs, they had to.
- AWP should have been clear that it wouldn't pay for food when Ms B told it about the situation. They queried why AWP told Ms B to send it all their receipts if it wasn't going to pay food costs.
- They would like a list of what costs AWP had considered, other than medical costs.

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 relevant regulator's rules say that insurers must handle claims promptly and fairly and they mustn't turn down (or settle) claims unreasonably.

I think AWP reasonably settled the claim. I'll explain why.

The policy terms set out the contract of insurance between AWP and Mr B and Ms B which includes the costs AWP is prepared to cover.

The policy says under the 'Emergency medical and associated expenses' section that if Mr B and/or Ms B are diagnosed with Covid-19 while on their trip AWP will pay emergency medical costs and:

'A medical confinement benefit of £50 a day (up to a maximum of £1,000) for every complete period of 24 hours you are admitted to hospital as an in-patient or are confined to your accommodation outside of your home country, on the advice of a treating doctor'.

AWP paid Mr B and Ms B £300 for the medical confinement benefit, so £50 per person for the three days they were confined to their accommodation, which is the correct payment on the evidence I've seen.

The policy also says under the same section that AWP will pay:

'reasonable additional...accommodation expenses incurred, up to the standard of your original booking, if it is medically necessary for you to stay beyond your scheduled return date'.

I understand Mr B and Ms B's point that if they had originally been in accommodation where the cost of food was included AWP would have covered the food costs. But as Mr B and Ms B had originally booked bed and breakfast accommodation AWP acted in line with the policy terms, and fairly, in covering the extended cost of that standard of accommodation which didn't include other meals.

I sympathise with Mr B and Ms B as they didn't choose to have the extended stay abroad and they incurred additional food and amenity costs as a result. But there isn't any cover for such costs in the policy. And I don't think there's any basis on which I can fairly say that AWP should pay for those expenses, which it never agreed to cover. Most travel policies don't include cover for food costs for an extended stay apart from perhaps if the original accommodation was inclusive of food, which wasn't Mr B and Ms B's situation.

Even if AWP wasn't clear to Ms B when she called that it wouldn't pay food costs I don't think that disadvantaged her and Mr B as they were always going to have to pay for meals whether or not AWP would cover the cost. AWP told Mr B and Ms B that it asked for receipts for any expenses incurred as its claims team would assess the costs claimed against the policy wording to see what it would pay. I don't think AWP acted unreasonably in asking for the receipts when they claimed.

On the evidence I have I think AWP reasonably settled the claim.

AWP has set out what the settlement payment covered in its 23 November 2022 letter to Ms B. If Mr B and Ms B think there are any costs AWP hasn't covered that it should have, bearing in mind what I've said above about cover, they should contact AWP direct. If the parties can't agree about cover for any additional costs ultimately Mr B and Ms B can make a separate complaint to us.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Ms B to accept or reject my decision before 6 November 2023.

Nicola Sisk
Ombudsman