

The complaint

Ms O and Mr R complain that Astrenska Insurance Limited hasn't paid them a pro-rata refund of premium after they cancelled their travel insurance policy mid-term.

Mr R brought the complaint to us, so for ease, I've referred mainly to him. All references to Astrenska include the agents acting on its behalf.

What happened

In September 2022, Mr R took out an annual multi-trip travel insurance policy through a broker. The policy was underwritten by Astrenska and it provided cover for up to 120 days travel.

Mr R wanted to extend his policy to cover more than 120 days travel. So in February 2023, he contacted Astrenska to ask if the cover could be increased. Astrenska told Mr R that this wasn't possible. Mr R therefore cancelled the policy and requested a pro-rata refund of premium for the remaining period left on the contract.

Astrenska declined to pay Mr R any premium refund. It said the policy terms made it clear that refunds would only be paid if a policyholder cancelled their contract within the 14-day cooling-off period following the policy purchase.

Mr R was unhappy with Astrenska's decision and he asked us to look into his complaint. He felt the policy documentation he'd received indicated that if the policy was cancelled after the cooling-off period, he'd be entitled to a pro-rata refund of premium. He also said that he'd never received a copy of the contract terms and conditions.

Our investigator didn't think Mr R's complaint should be upheld. He didn't agree that the policy terms meant that Mr R was entitled to a premium refund. He considered the contract terms and the fact that Mr R had already travelled and benefited from policy cover. So he felt that it had been fair for Astrenska to retain the full premium Mr R had paid.

Mr R disagreed. He maintained that he hadn't received a copy of the policy terms and conditions. And he didn't agree with the investigator's interpretation of the information set out in the policy schedule. He accepted that Astrenska had been on risk while the policy was in force. But he considered that at the point the policy was cancelled, Astrenska was no longer bearing any risk of him making a claim.

The complaint's been passed 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.

Having done so, whilst I'm very sorry to disappoint Mr R, I don't think it was unfair for Astrenska to decline to refund any part of his premium and I'll explain why.

First, it's important I make it clear that this decision will only consider Astrenska's actions as the policy underwriter. It wasn't responsible for the sale of the policy – which was sold by a broker. It was the broker's responsibility to send Mr R the policy terms and conditions and relevant documentation – it wasn't down to Astrenska to send this information on to him. Astrenska's role here was to consider whether Mr R was contractually entitled to any premium refund when he cancelled the policy mid-term.

So I've carefully considered (amongst other things), the relevant regulator's rules and relevant law; the policy documentation and the contract terms to decide whether I think Astrenska treated Mr R fairly.

Page six of the policy terms and conditions sets out a section called 'Cancellation within the first 14 days.' This says:

'You have the right to cancel up to 14 days from the date your policy commences, or the date on which you receive your policy documentation, whichever is the later.'

You will receive a full refund except in the following circumstances:

- *Your cover has commenced. A pro rata refund will be given.*
- *You have made or are intending to make a claim. No refund will be given or we will recover the monies paid to you in settlement of the claim before refunding the premium paid.'*

Immediately underneath is a section called 'Your cancellation rights'. This says:

'After the statutory cooling-off period you may cancel the policy at any time by contacting us, but no refund of premium will be available.' (My emphasis added).

The welcome email Mr R was sent in September 2022, (to which his policy schedule, along with new business information and the Insurance Product Information Document was attached) stated that the policy book (the terms and conditions) was enclosed. The information was located in Mr R's account with his broker. This email would indicate that Mr R had received policy documentation in September 2022. Astrenska says the policy documentation was also reissued the day after the policy sale. And Mr R appears to agree that he received at least the policy schedule and new business documents. Overall, based on the evidence I've seen, I think it's more likely than not that he did receive an online copy of the policy documents, even if Mr R can't now recall it.

Cover under the policy began in September 2022 and was due to end in September 2023. However, the policy was cancelled in February 2023. I'm satisfied then that this was clearly outside of the cooling-off period and that under the terms of the policy, Mr R isn't entitled to any refund of the premium he paid.

Mr R feels strongly that the information set out on page six of the policy schedule contradicts the terms of the contract. I've thought about this very carefully. The schedule says:

'Cancellation of your policy

You have the right to cancel up to 14 days from the date your policy commences, or the date on which you receive your policy documentation, whichever is the later.

You will receive a full refund except in the following circumstances:

- *Your cover has commenced. A pro-rata refund will be given.*
- *You have made or are intending to make a claim. No refund will be given or we will recover the monies paid to you in settlement of the claim before refunding the premium paid.'*

In my view, this clause reiterates the contract terms relating to cancellation within the cooling-off period. It simply sets out the exceptions when a full refund of premium won't be paid if the policy is cancelled within the 14-day cooling-off period. It doesn't indicate that a pro-rata refund will be paid after the cooling-off period has ended and I don't find the schedule to be unclear or misleading on this point. This means then that I don't find the policy schedule entitles Mr R to any premium refund either.

I sympathise with Mr R's position, because I understand he paid a significant amount of money for a contract which he cancelled early. But overall, I find that Astrenska declined to pay Mr R a pro-rata refund of premium in line with the terms of the contract. And I don't think there are any reasonable grounds upon which I could uphold this complaint. So I'm not telling Astrenska to take any action.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

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

Lisa Barham
Ombudsman