

The complaint

Mr C is unhappy with the way in which AWP P&C SA handled a claim under his travel insurance policy, including the service received and the payment made towards his damaged prescription glasses.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my decision.

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, I'm satisfied AWP fairly and reasonably settled the claim by making a percentage deduction for depreciation. However, I do think it caused unnecessary delays and I direct AWP to pay Mr C £100 compensation to reflect the distress and inconvenience this caused Mr C. I'll explain why.

- AWP has a regulatory obligation to treat customers fairly. It must also handle insurance claims promptly and fairly.
- The policy terms provide cover for loss, damage or theft of "baggage" and AWP hasn't disputed that Mr C's glasses fall within the definition of baggage.
- Section 5 of the policy (entitled baggage and baggage delay) also says: "*claims will be considered on a new for old basis provided the item is less than 2 years old at the date of the incident and you can provide the original purchase receipt. All other items will be subject to a suitable deduction for wear and tear and depreciation...*" I'll refer to this as the depreciation term.
- Mr C accepts that his glasses were more than two years old.
- The policy terms don't set out the percentage deduction for wear and tear and depreciation. However, AWP has provided our Service with its internal depreciation guidelines, and in line with that guidance I'm satisfied it's applied the correct percentage reduction to reflect the number of years Mr C had owned his glasses for. And I think it's acted fairly and reasonably by applying its depreciation guidelines.
- Mr C says that the depreciation guidelines should've been clearly set out in the policy terms and his previous insurer had applied a lower percentage for depreciation. However, different percentage reductions apply to different items of "baggage", and in my experience, different insurers will apply different depreciation percentages. Further, the depreciation term as set out in the policy isn't unusual and can be found in many travel insurance policies. It isn't standard industry practice for the depreciation guidance to be set out in terms of the policy. So, I don't agree that the way in which the depreciation term is set out is unfair or unreasonable.
- So, I'm satisfied AWP has settled the claim fairly by applying the percentage

reduction to the original purchase price of the glasses and deducting the policy excess.

- However, I do think AWP caused unreasonable delays here and the claim could've been settled earlier. From AWP's contact notes it doesn't look like Mr C's claim was progressed for around 5 weeks, despite him contacting AWP for updates during that time. Further, Mr C confirmed around the time of first reporting his claim, at the end of April 2022, that he didn't have a receipt for the glasses, but it doesn't look like this was noted. Mr C then had to confirm this information again in early June 2022. I accept that payment of the claim was unnecessarily delayed, the cumulative effect would've been frustrating for Mr C and caused him some unnecessary inconvenience.

Putting things right

I direct AWP should pay Mr C £100 compensation for distress and inconvenience.

My final decision

I partially uphold this complaint and direct AWP P&C SA to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 9 August 2023.

David Curtis-Johnson
Ombudsman