

The complaint

Mr D is unhappy with the partial settlement he's received from Inter Partner Assistance SA (IPA) following a claim made under his travel insurance policy.

What happened

Mr D has a bank account which also provides travel insurance underwritten by IPA.

Whilst on holiday, his headphones, camera (small video recording device), wedding ring and a belt were stolen from Mr D's room whilst he was elsewhere. So, he made a travel insurance claim for the theft of the items to IPA.

There was a delay in IPA considering Mr D's claim. Ultimately, IPA settled the claim for the headphones, with a 30% deduction for wear and tear, but they declined the other items.

IPA said the camera wasn't covered under the policy, and the belt and ring weren't reported to the police at the time, so IPA said these items wouldn't be covered either. However, they recognised there was a delay in considering the claim, so they also paid Mr D £75 compensation.

Mr D was unhappy with IPA's claim decision and approached this service.

One of our investigators looked into things but she didn't uphold the complaint. She didn't think IPA had applied the exclusion they'd relied on correctly when declining parts of the claim. However, she also said that she didn't think those declined items would be covered in any event.

The investigator also said the headphones shouldn't have actually been covered, and therefore the deduction IPA had applied wasn't unreasonable. She also thought the compensation IPA had paid was fair, so she didn't recommend they do anything further.

Mr D didn't agree and asked for a final decision from an ombudsman.

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.

Whilst I appreciate it'll come as a disappointment to Mr D, I've reached the same outcome as our investigator.

I'll address the different points of the claim and complaint separately.

The declined parts of the claim

IPA declined to cover the stolen camera, wedding ring and belt.

They said the camera wasn't covered under the Policy. They referred to the following policy term:

"WHAT IS NOT COVERED

8. Unset precious stones, contact or corneal lenses, non-prescription spectacles or sunglasses without a receipt, hearing aids, dental or medical fittings, cosmetics, perfumes, tobacco, vaporisers or E-cigarettes, drones, alcohol, antiques, musical instruments, deeds, manuscripts, securities, perishable goods, surfboards/sailboards, bicycles, marine equipment or craft or any related equipment or fittings of any kind and damage to suitcases (unless the suitcases are entirely unusable as a result of one single incidence of damage). Damage to china, glass (other than glass in watch faces, prescription spectacles and sunglasses, cameras, binoculars or telescopes), porcelain or other brittle or fragile articles unless caused by fire, theft, or accident to the transportation vehicle or vessel in which they are being carried."

The belt and wedding ring were also declined, as IPA say they weren't reported to the Police at the time.

I don't think IPA has fairly declined the claim for these items based on the reasons and exclusions they relied on. Firstly, the exclusion IPA referred to in reference to the camera not being covered isn't correct, as this exclusion is in relation to damage to glass, other than cameras. And I understand the reasons why Mr D didn't report the ring and belt at the time, as they weren't discovered until the following day.

However, whilst I don't think the exclusions or reasons relied on were correct or fair, I still don't think IPA acted unfairly overall by declining the claim for these items. I'll explain why.

Mr D's policy defines valuables as:

"VALUABLES

jewellery, precious metals or precious stones or items made from precious metals or precious stones, watches, furs, leather articles, laptops, tablets, e-readers, photographic – audio – video – computer – television - games (including but not limited to CDs, DVDs, memory devices and headphones), telescopes, or binoculars."

All the above items being claimed for are classed as valuables, the ring is jewellery, the camera falls under photographic/video items, and the belt is an article of leather. However, under the policy cover for baggage and, and of importance in this claim - valuables, there is the following exclusion:

"WHAT IS NOT COVERED

15. Valuables or personal money or passport left unattended at any time (including in a vehicle or in the custody of carriers) unless deposited in a hotel safe or locked safety deposit box. If items are stolen from a hotel safe or safety deposit box, any claims where you have not reported the incident to the hotel in writing and obtained an official report from the appropriate local authority."

None of the stolen items were in either a safe or locked safety deposit box at the time, so in line with the above exclusion, the theft of these items wouldn't have been covered.

Therefore, whilst I recognise the term IPA relied on was incorrect, and I understand why two items weren't reported at the time, the overall decision to decline the claim for those items

was correct, but for other reasons. Consequently, I don't think IPA has acted unfairly by declining the claim for these items.

The deduction to the headphone's settlement

Mr D is unhappy that he has received a reduced settlement for his headphones.

IPA has applied a deduction of 30% for wear and tear. IPA have also provided this service with internal guidance on how they apply deductions, and the deduction has been applied in line with this.

However, Mr D argues that the deduction amount specifically isn't listed in his policy terms, so he says it isn't fair to apply.

Having looked at the terms, I agree with Mr D that the specific applicable deduction isn't listed. It says:

"The amount payable will be the value at the time of purchase less a deduction for wear and tear based on the age of the property as shown in the table below, (or if the item can be repaired economically we will pay the cost of repair only)."

But the table isn't actually in the policy terms. There is a deduction table for ski equipment, but that is a separate part of the policy.

So, I might have concluded it was unreasonable for IPA to apply this deduction if they were settling the claim under the policy cover. However, I don't think they have acted unfairly overall. I'll explain why.

As I outlined in the above policy term, headphones are actually classed as a valuable. And the headphones weren't in a safe at the time of the theft. So technically, under the policy terms and cover, IPA could have declined to cover them at all.

So, the fact IPA has covered them outside the policy terms, I think Mr D has received a benefit which he shouldn't actually have received in the first place. Under the policy terms, he shouldn't have received any settlement for them. So, the fact he has received a settlement outside the policy terms, minus 30%, isn't unfair.

Whilst I appreciate Mr D feels it's unfair to apply a deduction outside of what the policy terms say, by that same approach, he has actually benefited from a settlement outside the policy terms in the first place. So, I don't think it would be fair or reasonable for me to say IPA can't apply a deduction on a settlement that, under the terms, Mr D shouldn't be receiving in any event.

The service received

IPA recognise there was a delay in assessing Mr D's claim and communication issues, and they paid £75 compensation for this. Having considered all the information provided, I think that amount is fair, so I'm not going to direct IPA to increase this.

A relative's claim

Mr D has also said he's been treated unfairly as a relative who has the same policy had their claim settled in a different way.

However, as explained by our investigator, our consideration of Mr D's claim and complaint is limited to his claim and his insurance policy, and whether IPA has fairly settled his claim.

But what I would add here is that as mentioned, Mr D has received a settlement for his headphones outside the policy terms as they never should have been covered. And I can't consider what his relative received as settlement of their claim, or whether that was in line with, or outside of, the terms of their policy.

My final decision

It's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 5 January 2024.

Callum Milne
Ombudsman