

The complaint

Mr S complains about the settlement he's been paid by AXA PPP Healthcare Limited for a claim he made on a travel insurance policy.

What happened

Mr S has travel insurance through his employer's group scheme.

In September 2022, Mr S was travelling abroad. Unfortunately, he left a watch in his hotel room and it couldn't be found. So he made a claim on his travel insurance policy for the purchase price of the watch - £2350.

AXA asked Mr S to provide a police report to evidence his loss, in line with the policy terms. However, Mr S hadn't reported the loss to the police abroad. Ultimately, AXA accepted the claim without requiring a police report. It paid Mr S £350 in line with the single item limit set out under the 'Personal belongings and money' section of the policy.

Mr S was unhappy with the settlement he'd been paid. He noted that the policy had defined 'personal baggage' and 'valuables' separately and distinctly. He felt the single article limit set out in the Table of Benefits - which AXA had relied upon when it settled his claim - referred only to personal baggage. He pointed out that the Table of Benefits didn't include a limit for valuables and therefore, he said he'd understood that cover for valuables was unlimited. He added that he'd taken out the policy on the understanding that valuables cover wasn't subject to a limit.

But AXA maintained its stance and so Mr S asked us to look into his complaint.

Our investigator didn't think Mr S' complaint should be upheld. He felt the policy terms made it sufficiently clear that valuables would also be subject to a single item limit of £350. So he concluded that AXA had settled Mr S' claim fairly.

Mr S disagreed and I've summarised his response. He maintained that baggage and valuables were given different and distinct meanings. So therefore, he felt it was reasonable to conclude that valuables weren't baggage and that baggage was its own unrelated category of insured item. He noted that 'single article limit' hadn't been defined. He said the main purpose of the policy had been to cover items which would all be classed as valuables and which were all worth more than £350. He'd read the policy wording in full before he travelled and nothing had put him on notice that cover was limited to £350. He considered AXA had retroactively tried to define his watch as personal baggage in order to limit its liability. He'd paid for the insurance in good faith for many years, but the contract had contained incomplete wording.

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 S, I think AXA has settled his claim fairly and I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. So I've considered, amongst other things, the terms of the group policy and the available evidence, to decide whether AXA handled Mr S' claim fairly.

I've carefully considered the policy terms and conditions, as these form the basis of Mr S' employer's contract with AXA. Mr S made a claim for a stolen watch and so I think it was reasonable and appropriate for AXA to consider his claim under Section 4 – 'Personal belongings and money'. This states:

'What is covered

We will pay you up to the amount shown in the Table of Benefits for the following items if they are accidentally lost, damaged or stolen whilst on your trip:

- (a) baggage*
- (b) valuables*
- (c) replacement of essential items if lost in transit due to carrier error during the outward journey for more than 12 hours*
- (d) personal money (excluding cash)*
- (e) cash*
- (f) replacement of important documents.*

The maximum we will pay you for any one item, pair or set of items under this section is shown in the Table of Benefits as the single article limit.' (My emphasis added.)

The Table of Benefits sets out the following limits:

<i>'Personal baggage</i>	
<i>Single item limit</i>	<i>£350</i>
<i>Up to a maximum of:</i>	<i>£1500'</i>

It also includes separate limits for personal money and loss of passport. There is no separate limit for valuables shown in the Table of Benefits.

I accept Mr S' point that the policy terms includes separate definitions for baggage and valuables and that the definition of baggage specifically excludes valuable items. A watch falls squarely within AXA's definition of a valuable item. And as I've acknowledged above, the Table of Benefits doesn't include a specific valuables limit. This is in contrast with other travel insurance policies available on the market, which often do include a distinct valuables limit. I appreciate it may well have been helpful had AXA included a separate limit in the Table of Benefits.

However, I need to consider the clarity of the contract terms as a whole. And in my view, section four does make it sufficiently clear that valuable items *are* subject to the single item limit. That's because the section clearly includes both baggage and valuables in the list of the things AXA has chosen to cover. Immediately underneath the list, AXA has stated that the most it will pay for any one item is shown in the Table of Benefits as the single article limit. So I think the policy is clear enough that the single item limit applies to more than simply claims for items defined as personal baggage. In my view then, AXA has made it clear enough that claims for valuables too will be subject to the single item limit and that the

limit doesn't refer only to personal baggage claims. I'd add too that the only reference to a single item limit in the Table of Benefits is under the personal baggage heading.

I agree with Mr S that the term 'single article or item' limit hasn't been defined in the contract terms. Where a term hasn't been defined, we will generally consider the plain and ordinary meaning of that term or phrase. I think that most reasonable policyholders would understand single article or item limit to be a limit which applies to one, single item – such as one watch or piece of jewellery. So I don't think that the lack of such a definition means that this term of the policy is ambiguous or that it should be interpreted in Mr S' favour.

It's clear that Mr S feels strongly that given AXA hasn't set out a separate valuables limit in the policy; unlimited valuables cover should apply. I don't think it would be fair or reasonable for me to conclude that AXA intended to cover all valuables without any applicable limit though. Or that it's fair to construe the policy terms in such a way. And as I've explained, I find the policy limit here is sufficiently clear for me to find that it was fair for AXA to apply the limit to Mr S' claim.

Mr S says that the policy was taken out because he'd believed that it would provide unlimited valuables cover. This policy is a group scheme, with the travel cover forming part of a wider private medical insurance policy. It doesn't appear to be a policy specifically designed to provide cover for business travel. And I'd add that in my experience, most travel insurance policies *do* limit valuables cover and also often include single article limits. So it seems unlikely Mr S' employer could have found a standard group travel insurance policy, which provided unlimited valuables cover, together with an overall group private medical and dental insurance package.

Overall, despite my natural sympathy with Mr S' position, as I understand the settlement was significantly less than his loss, I find that AXA has settled his claim fairly and reasonably. So I'm not directing it to do anything more.

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 Mr S to accept or reject my decision before 31 July 2023.

Lisa Barham
Ombudsman