

The complaint

Mrs P and Mr W complain about Inter Partner Assistance SA's (IPA) decline of their travel insurance claim. My references to IPA include its agents.

What happened

Mrs P and Mr W took out single trip travel insurance, including cruise cover. The policy cover was from 14 April to 7 May 2023. IPA was the relevant insurer.

The plan had been for Mrs P and Mr W to return to the UK by a cruise. But on 23 April while they were on their holiday abroad the cruise provider told them the cruise was cancelled. The cruise provider refunded the cost of the cancelled cruise, about £6,400.

On 28 April 2023 Mr W phoned IPA to ask whether the costs of their rearranged travel and accommodation to return home were covered under the policy. They say IPA told them their costs were covered. On 7 May 2023 they claimed on the policy for hotel and travel costs of about £2,600.

On 29 June 2023 IPA declined the claim. It said the refund for the cancelled cruise covered the costs Mrs P and Mr W incurred in returning home and there was no cover for the claim under the policy terms. IPA accepted it had given Mr W wrong information about cover in the 28 April call. IPA also acknowledged that Mr W had contacted it several times for an update on the claim and it said the claim hadn't been progressed as quickly as it should have done. It paid Mrs P and Mr W £200 compensation for the distress and inconvenience its poor service caused.

Mrs P and Mr W complained to us. In summary they said the money the cruise provider paid covered the costs they'd paid for the cancelled cruise but it hadn't paid for their additional costs to return home. They want IPA to pay their claim as they said they took out travel insurance so such costs would be covered and IPA had told them the costs were covered.

Our investigator said IPA had reasonably declined the claim. He didn't think IPA's wrong information about cover had caused Mrs P and Mr W financial detriment and its £200 compensation payment was a reasonable amount.

Mrs P and Mr W disagree and want an ombudsman's decision. They accepted the claim wasn't covered by the policy terms. But they wanted consideration of IPA's wrong information it had given them. They said it seemed that an insurer had no responsibility for giving wrong information, even if an insured person acted in line with that information. In contrast, if an insured person gave an insurer wrong information when applying for a policy the insurer would reject a claim. Also the £200 compensation covered IPA's wrong information and poor claim handling and was a small fraction of the costs they were told would be covered.

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 claims unreasonably.

I'm sorry to disappoint Mrs P and Mr W but I think IPA reasonably declined their claim and its £200 compensation payment due to its poor service was fair. I'll explain why.

Mrs P and Mr W have accepted that their claim isn't covered by the policy terms. For the avoidance of doubt I'm satisfied that the claim isn't covered by the terms of the policy.

The 'Cruise cover' at section 11 of the policy provides cover for specific costs if an insured event happens as detailed in the policy. Mrs P and Mr W's circumstances aren't covered by that section. IPA's final response letter declined the claim under Section 3 'Disruption or delay to travel plans'. As the cruise provider refunded the cost of the cruise that would have returned Mrs P and Mr W to the UK I think IPA reasonably declined the claim as Mrs P and Mr W would have always incurred costs to return home. The costs they paid weren't additional costs as the refund from the cruise provider meant they hadn't already paid to return home. One of the general exclusions in the policy is '*Any amount recoverable from any other source*', which is a standard exclusion in travel insurance. I understand Mrs P and Mr W's point about the differences between a cruise home and a flight home but ultimately both ways of travel return them to the UK.

The claim isn't covered by the policy terms but IPA gave Mrs P and Mr W wrong information about cover, which it accepts. As to Mrs P and Mr W's general point about the impact of an insurer and an insured person giving wrong information, there are certain circumstances where we may say that it's unfair for an insurer to decline a claim if a consumer has given wrong information when taking out a policy. But this complaint is about an insurer, IPA, giving Mrs P and Mr W wrong information. When that happens we wouldn't automatically tell IPA to pay the costs just because it told Mrs P and Mr W it would do. We look at the effect the wrong information had on Mrs P and Mr W.

I've listened to the call Mr W made to IPA on 28 April 2023 and I understand Mrs P and Mr W have too. I think it's clear from what Mr W tells IPA that in the days between him and Mrs P being told about the cruise cancellation and calling IPA they had already made plans to travel to another location to see a relative and then on to another city to fly home. Mr W phoned IPA to see if the costs of their alternative travel plans would be covered. But even if IPA had given him the correct information that the hotel and travel costs weren't covered I think it's more likely than not that Mrs P and Mr W would have continued with their alternative travel plans and they had to buy flights to return to the UK. So I can't reasonably say Mrs P and Mr W made plans based on, and were prejudiced by, IPA's wrong information. There's no basis on which I can fairly say IPA should pay the costs claimed.

I think IPA's wrong information caused Mrs P and Mr W loss of expectation and some distress and inconvenience. Mrs P and Mr W consider that IPA only paid them £100 compensation for those matters in respect of the wrong information it gave. IPA hasn't said how it calculated the £200 compensation paid to Mrs P and Mr W. But I think it's most likely that most of the £200 was in respect of the wrong information as the claim taking less than two months to decide isn't a wholly unreasonable timescale.

I think IPA's offer and payment of £200 compensation for Mrs P and Mr W's overall distress and inconvenience and loss of expectation was a fair amount. IPA doesn't need to take any further action.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr W to

accept or reject my decision before 19 December 2023.

Nicola Sisk
Ombudsman