

The complaint

Mr and Mrs P complain that Lloyds Bank PLC gave them incorrect information about their travel insurance policy.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here in full. In summary, Mr and Mrs P have travel insurance as a benefit of a bank account. They were relocating overseas and planned to start with an eight week trip: the first six weeks in an Airbnb in their new country of residence then travel in that country for two weeks. After that, they had arranged to rent an apartment for one year. On 1 April 2022, Mr P phoned Lloyds Bank to check whether their travel insurance policy covered them for the first eight weeks of their travel. Lloyds Bank said that it did.

Mr and Mrs P left the UK on 4 April 2022. Unfortunately, Mrs P became unwell during the first part of their trip, at the end of April 2022. She sought medical treatment and in May 2022, the treating doctor advised her against travel. Mr and Mrs P cancelled the rest of their eight week trip. I understand that they remained overseas.

Mr and Mrs P received refunds from some third party providers for some elements of their curtailed trip. They made a claim against their policy for their unrecovered losses.

The insurer declined Mr and Mrs P's claim. It said that what happened here wasn't covered by the policy. The insurer said that cancellation cover ends when the trip starts. It said that the curtailment provisions don't assist Mr and Mrs P as they weren't returning to the UK. The insurer also said that the policy is only available to UK residents and for trips beginning and ending in the UK.

Mr and Mrs P complained to Lloyds Bank about the incorrect information it had given to Mr P. Lloyds Bank agreed that it had told Mr P, incorrectly, that the policy would cover the first eight weeks of their trip. It paid Mr and Mrs P compensation of £50 in relation to their loss of expectation. Mr and Mrs P didn't think that was sufficient and pursued their complaint.

Mr and Mrs P say that if Lloyds had told them that their travel insurance policy wouldn't cover their trip they would have found alternative travel insurance. They want Lloyds Bank to pay them what they would have received if their claim to the insurers had been successful.

One of our investigators looked at what had happened. She said that the information Lloyds Bank gave to Mr P was incorrect. The investigator said that it doesn't automatically follow that Lloyds Bank is obliged to pay Mr and Mrs P's claim. She said that she hadn't seen sufficient evidence to conclude that Mr and Mrs P would have obtained alternative cover or that the claim would have been successful. The investigator thought that Lloyds Bank's offer of compensation of £50 was fair and reasonable.

Mr and Mrs P didn't agree with the investigator. Mr P responded to say that he can't know what insurance cover he would have arranged if Lloyds Bank had given him correct information but it's reasonably certain that there are insurance products for individuals who are travelling as part of moving abroad. He said that this service can answer the question about alternative cover. Mr P said that the investigator's conclusion wasn't fair and reasonable. He asked that an ombudsman consider the complaint, so it was passed to me to decide.

We asked Mr and Mrs P to show that if they'd been aware of the true position, they could have obtained cover for what happened here. Mr and Mrs P provided screenshots of what they say is an example of the insurance they would have taken out if Lloyds Bank had given them correct information.

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.

It's common ground that Lloyds Bank gave Mr P incorrect information during the phone call on 1 April 2022. I've listened to the recording of the phone call. Mr P clearly sets out his and Mrs P's plans. Lloyds Bank told Mr P that the policy would cover him for the first eight weeks of their trip. That wasn't in fact correct as the policy only covers losses suffered whilst Mr and Mrs P are UK residents and registered with a doctor in the UK. And a trip is defined in the policy as a journey which begins and ends at Mr and Mrs P's UK home. We'd expect Lloyds Bank to give accurate information or to direct Mr P to a source of accurate information. That's not what happened here.

The remaining issue for me to decide is whether a fair and reasonable outcome requires Lloyds Bank to do more to put things right. When mistakes like this happen, we don't proceed on the basis that the incorrect information is true. Instead, we look at the effect of the incorrect information on the individuals concerned.

The investigator asked Mr P what he would have done differently if Lloyds Bank had given him correct information and to provide information about the cover he would have taken out. Mr P said that he would have bought an insurance policy to cover their travel. He says that he understands that there are global policies that cover travel for individuals who don't have a permanent base. Mr P said that he would have spoken to his broker, the insurer, providers of expatriate policies and his employer and also investigated the earliest point he could get travel insurance in the country they were moving to. He said that his private medical insurance was in place from day one of the trip, so he wasn't concerned about medical cover.

In general terms, travel policies available in the UK are for UK residents, cancellation cover ends once the trip starts and curtailment cover starts when the insured returns to their home address or is an in-patient. It's for Mr and Mrs P to establish that Lloyds Bank's error in this case caused them loss. In order to do that, they need to show that they would have taken out alternative insurance that would have covered what happened here and that they would have been able to recover their losses.

Mr P has referred to global policies for individuals who don't have a permanent base, expatriate policies and travel policies in the country they were moving to. Mr and Mrs P have provided screenshots of an online quote from an insurer. I recreated that quote and the '*IPID & Policy Info*' link leads to the policy terms. Those terms provide that to be eligible for cover, Mr and Mrs P must reside within the UK or Channel Islands, which wasn't the case here. In any event, in line with other policies with which I'm familiar, the

cancellation cover ends when the trip starts and the curtailment cover is calculated from the date the insured returns to their home country or the date they were an in-patient.

I don't think that Mr and Mrs P have shown that if Lloyds Bank had given them correct information they would have taken out a policy with another insurer that covered them for what happened here and that they would have made a successful claim against that policy for their losses. I'm sorry to disappoint Mr and Mrs P but there are no grounds on which I can fairly direct Lloyds Bank to reimburse their losses in this case.

Mr and Mrs P were no doubt disappointed and distressed to discover that their policy didn't cover their claim, particularly as Mr P had taken the trouble to check the position. Lloyds Bank has already paid compensation of £50. I think it should pay Mr and Mrs P further compensation of £150, bringing total compensation to £200. In reaching that view, I've taken into account the nature, extent and duration of Mr and Mrs P's distress caused by Lloyds Bank's error in this case.

Putting things right

In order to put things right, Lloyds Bank should pay Mr and Mrs P additional compensation of £150 in relation to their distress and inconvenience, in addition to the £50 it has already paid.

My final decision

My final decision is that I uphold this complaint to the extent indicated above. I now require Lloyds Bank PLC to take the step I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 30 January 2024.

Louise Povey
Ombudsman