

The complaint

Miss M and Mrs M complain about how AWP P&C SA handled their claim against 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, Miss M and Mrs M have travel insurance as a benefit of a bank account. In July 2022, they were on a family trip abroad. They were travelling from the airport to their accommodation and parked their car. Unfortunately, the unattended, parked car was broken into, and their luggage and personal items were stolen. They reported the matter to the local police.

On their return to the UK, they made a claim against their travel insurance policy. AWP said that valuables and personal money were excluded from cover. Miss M and Mrs M accepted that. AWP didn't settle the claim in relation to the remaining items as it required receipts or other proof of ownership. Miss M and Mrs M provided some further information but didn't think that AWP's approach was fair. They pursued their complaint.

Miss M and Mrs M want AWP to accept that it's unfair to insist on receipts and to settle their claim and pay each of them £2,000.

One of our investigators looked at what had happened. Initially, he didn't recommend that the complaint be upheld. Miss M disagreed and he reconsidered the complaint and recommended that it be upheld. The investigator said that whilst the policy terms provide that Miss M and Mrs M should provide receipts for claimed items, a fair outcome would be for AWP to accept the claim, subject to the policy terms. He also recommended that AWP pay interest on any settlement and £150 in relation to Miss M and Mrs M's distress and inconvenience.

Miss M and Mrs M agreed with the investigator's recommendation, but AWP didn't respond. As there was no agreement between the parties, the complaint was 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.

The relevant terms and conditions

The relevant part of the policy provides as follows:

‘Section 5 – Baggage and baggage delay

What is covered

*In the event of [...] theft [...] during **your trip**, we will pay up to £2,500 in total for your baggage (including valuables)*

[...]

*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, tear and depreciation, including where proof of age cannot be provided. Alternatively, **we** may at our option replace, reinstate or repair the lost, stolen or damaged **baggage**. [...]*

Special conditions relating to claims

In addition to the ‘General claims information required’ shown under the ‘Making a claim’ section on page 19, where appropriate, you must also:

[...]

3. Provide receipts for items lost, stolen or damaged. [...]

Has AWP acted fairly and reasonably?

The relevant rules and industry guidance say that AWP has a responsibility to handle claims promptly and fairly and it shouldn’t reject a claim unreasonably. I uphold Miss M and Mrs M’s complaint and I’ll explain why:

- Insurance policies aren’t designed to cover every eventuality or situation. An insurer will decide what risks it’s willing to cover and set these out in the terms and conditions of the policy document. In general terms, insurers can decide what risks they wish to cover. The onus is on the consumer to show that the claim falls under one of the agreed areas of cover within the policy. If the event is covered in principle but is declined on the basis of an exclusion set out in the policy the onus shifts to the insurer to show how that exclusion applies.
- Miss M and Mrs M provided AWP with photographs of the damaged car. I understand that they provided AWP with a copy of the police report. AWP doesn’t appear to dispute that Miss M and Mrs M’s luggage and personal effects were stolen in the way they describe.
- Miss M and Mrs M accept that the policy excludes cover for valuables in the circumstances that arose here. So, I’m looking at the remaining items in the claim which includes toiletries, personal items and clothing. The stolen items are consistent with the type and duration of Miss M and Mrs M’s trip.
- One of the special conditions of the policy, which I’ve set out above, provides that, where appropriate, Miss M and Mrs M must provide receipts for stolen items. AWP asked Miss M and Mrs M for certain information, including proof of ownership. It was entitled to do that under the terms of the policy. AWP subsequently said that it would accept pictures as proof of ownership.
- Miss M and Mrs M have provided a schedule showing the items they claimed and what they have referred to as ‘prices’. It’s not clear to me whether the ‘prices’ are the amounts they paid for the items or new for old costs. They have also provided photographs which shown some of the items.

- The reason AWP isn't paying Miss M and Mrs M's claim is because it says that they haven't provided evidence of ownership. I've thought about whether it's fair and reasonable for AWP to insist on Miss M and Mrs M providing proof of ownership. I don't think it is.
- Miss M and Mrs M have explained that they haven't retained receipts as Mrs M is recently widowed and cleared out a lot of paperwork and Mrs M has moved home recently and had a clear out before doing so. They also say that they both use cash for a lot of purchases, so can't provide bank statements.
- In the particular circumstances here, I think it's unfair and unreasonable for AWP to expect Miss M and Mrs M to provide evidence for each item. That's because most of the items are everyday items of relatively low value which Miss M and Mrs M may have had for some time. So, I think it's unreasonable for AWP to expect Miss M and Mrs M to have evidence of all these items or to have receipts or bank statements that itemise them.
- In the circumstances, I think a fair and reasonable outcome is for AWP to deal with Miss M and Mrs M's claim in accordance with the remaining terms of the policy as if they had provided proof of ownership of the stolen items. As they can't actually provide receipts and can't show when their purchases were made, I think it's fair for AWP to make a suitable deduction for wear, tear and depreciation, as provided for in the policy. AWP should also pay interest on the amount of any settlement from the date of Miss M and Mrs M's claim to the date of payment.
- I think that AWP's insistence on Miss M and Mrs M providing receipts or proof of ownership caused Miss M and Mrs M distress and inconvenience and delayed timely settlement of the claim. I agree with the investigator's recommendation of compensation of £150 in relation to Miss M and Mrs M's distress and inconvenience in this case.

Putting things right

In order to put things right, AWP should:

- deal with Miss M and Mrs M's claim as if they had provided proof of ownership of the stolen items, subject to the remaining terms and conditions of the policy,
- pay interest* on any settlement amount at the simple rate of 8% per year, from the date of the claim to the date of payment and
- pay compensation of £150 in relation to distress and inconvenience.

*HM Revenue & Customs requires AWP to take off tax from this interest. AWP must give Miss M and Mrs M a certificate showing how much tax it's taken off if they ask for one.

My final decision

My final decision is that I uphold this complaint. AWP P&C SA should now take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M and Mrs M to accept or reject my decision before 29 December 2023.

Louise Povey
Ombudsman