

The complaint

Mr L and Mr M complain about how Inter Partner Assistance SA handled a claim against their travel insurance policy. Reference to IPA includes its agents.

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, in August 2022, Mr L and Mr M booked a trip visiting several countries. Their departure date was 6 June 2023, and their intended return date was 23 June 2023. They also purchased a single trip travel insurance policy underwritten by IPA. Unfortunately, Mr L and Mr M had to curtail their trip because Mr L's father was critically ill. They booked additional return flights and onward train travel.

In mid-June 2023, Mr L and Mr M made a claim against their policy for unused and additional costs. In August 2023, IPA said on three occasions that it would pay Mr L and Mr M over £18,000 in settlement of their claim. Subsequently, IPA paid only £10,000. Mr L and Mr M complained about that.

IPA acknowledged that it made errors in that it referred to the amount of Mr L and Mr M's claim, without reference to the policy limits. It apologised for its errors and offered Mr L and Mr M compensation of £150.

Mr L and Mr M complained about IPA's handling of their claim. They say that IPA told them on three occasions that it would pay them over £18,000 in settlement of their claim. Mr L and Mr M say that they accepted that offer and that there was a legally binding contract for payment of that amount. They want IPA to settle their claim in full and to pay interest.

One of our investigators looked at what had happened. She thought that IPA had settled the claim in accordance with the policy terms and in line with the relevant benefit limits of £5,000 per person, per claim. The investigator didn't agree that there was a new contract in the terms suggested by Mr L and Mr M. She thought that IPA's offer of compensation was fair in relation to Mr L and Mr M's loss of expectation.

Mr L and Mr M didn't agree with the investigator. They didn't think that IPA's offer of compensation of £150 – which they said it hadn't yet paid – was sufficient in the circumstances here. Mr L and Mr M reiterated that a new contract was formed when IPA offered to settle their claim at over £18,000 and went through the elements that were present for the formation of a new contract. They say that the recordings of the phone calls will confirm what they were told. Mr L and Mr M asked that an ombudsman consider their complaint.

The investigator considered what Mr L and Mr M said but didn't change her view. In accordance with Mr L and Mr M's request, 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.

I'm very sorry to learn of the circumstances which led to Mr L and Mr M's claim, and I'd like to extend my condolences.

the relevant terms and conditions

The starting point is the terms and conditions of the policy, the relevant part of which says as follows:

'Your Cover

Section 1 – Cancelling or cutting short a trip

[...]

What is covered

[...]

Cover for cutting short your trip

We will pay you up to the amount shown in the Table of Benefits for your proportion only of your unused travel and accommodation costs and other pre-paid charges, together with any reasonable additional travel and expenses if you have to cut short your trip following any of the reasons which are shown in the table below

[...]

The death, [...], illness, [...] of [...] your close relative. [...]

The 'Table of Benefits' shows that the sum insured per person/per trip is up to £5,000 for Mr L and Mr M's level of cover.

has IPA acted unfairly or unreasonably?

The relevant rules and industry guidance say that IPA has a responsibility to handle claims promptly and fairly. I don't uphold Mr L and Mr M's complaint and I'll explain why:

- It's common ground that Mr L and Mr M had a valid claim against their policy in relation to the curtailment of their trip. IPA paid Mr L and Mr M the maximum sum insured per person for their curtailment claim. I'm satisfied that it acted in accordance with the policy terms in doing so. But that's not the end of the matter as I've gone on to consider the incorrect information IPA gave to Mr L and Mr M.
- IPA acknowledges that during the course of the claim it told Mr L and Mr M, incorrectly, that it would pay them over £18,000. Mr L and Mr M have referred to the recordings of the relevant phone calls. I haven't asked IPA to provide the recordings as I don't need them for the fair resolution of this complaint. That's because it's not in dispute that IPA gave Mr L and Mr M incorrect information about the amount it would pay in settlement of their claim.
- Mr L and Mr M say that they accepted IPA's offer to pay them over £18,000 and there was a legally binding contract for payment of that amount. I'm afraid I don't agree. There was no intention on IPA's part to be legally bound by the incorrect settlement amount. And there was no new consideration on Mr L and Mr M's part – they had already paid the premium in exchange for the cover in the terms and conditions.

- 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 parties. Here, I've seen nothing to suggest that Mr L and Mr M changed their position in reliance on the incorrect information - they had already made their decisions about curtailment and travel home when IPA gave them the incorrect information. But they were no doubt disappointed to discover the true position.
- I think that the compensation of £150 IPA has already offered is fair and reasonable in this case. In reaching that view, I've taken into account the nature, extent and duration of the distress and inconvenience caused by IPA's errors.
- In response to the investigator's view, Mr L and Mr M said that IPA hasn't yet paid the compensation it offered. But in an e-mail to IPA of 22 September 2023, Mr M acknowledged receipt of £150. If Mr L and Mr M maintain that IPA hasn't paid the compensation it offered in relation to this matter it should contact IPA about that in the first instance.
- I'm sorry to disappoint Mr L and Mr M. I appreciate that they have suffered financial loss in difficult circumstances. But for the reasons I've explained, I think that IPA has settled their claim in accordance with the terms and conditions of their policy and I don't think that it's required to do more than it's already done in this case.

My final decision

My final decision is that I don't uphold this complaint because the amount of compensation Inter Partner Assistance SA has already offered to pay or paid is fair and reasonable.

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

Louise Povey
Ombudsman