

## The complaint

Mr and Mrs U complain about the advice they received from Holiday Extras Cover Limited in respect of their travel insurance policy.

## What happened

Mr and Mrs U held annual travel insurance cover which was arranged through Holiday Extras. The policy ran from October 2022 to October 2023.

Mr and Mrs U had three trips booked in 2023 – in March, April, and September.

In February 2023, Mrs U's health changed, and she needed an operation (which would take place between the first and second trips). She called Holiday Extras to inform it of this. Holiday Extras spoke with the underwriter, and they excluded Mrs U's condition. Mr and Mrs U were concerned that they may need to cancel their April and September trips. They were told by Holiday Extras that the condition was only excluded whilst they were abroad, but they could still make cancellation claims for those trips if they needed to.

Mr and Mrs U went on their March trip. When they returned, they complained to Holiday Extras that Mrs U's condition had been excluded.

Holiday Extras responded and said that when there has been a change of health, the underwriter would usually withdraw cover entirely, and then give the option to submit cancellation claims or have a pro-rata refund of the premium. But here, the underwriter said they would cover the upcoming trips, but would exclude Mrs U's condition. Holiday Extras said if Mr and Mrs U had raised their concerns about this at the time, they could have still made a cancellation claim for their trips. But as they had travelled on their March trip, that option was no longer available to them.

Mr and Mrs U complained to Holiday Extras about this. They said they'd been told they could make a cancellation claim for their April and September trips if they needed to, and hadn't been told this option wouldn't be available if they went on the March trip.

Holiday Extras accepted that Mr and Mrs U had been given the wrong information, and offered them £200 compensation for this. Mr and Mrs U didn't accept this offer, and brought their complaint to this Service.

Our investigator didn't recommend the complaint be upheld. She said she couldn't consider what the underwriter had done, but thought Holiday Extras had offered reasonable compensation for its error.

I issued a provisional decision on 8 December 2023. Here's what I said:

*'The policy says that if the underwriter can't provide cover, the insured will be entitled to make a claim under the cancellation section for their costs, which can't be recovered elsewhere, for trips booked before the change in health. Alternatively, the policy could be cancelled, and a proportion of the premium would be returned.'*

*This Service has an established approach in cases such as this. We usually say the underwriter should offer to cover the cost of cancelling any trips booked at the time (regardless of whether this is medically necessary). Or, if alternative cover is taken out so the insured can still travel, the underwriter should pay for any difference in premium (up to the amount it would have paid for cancellation).*

*Although this complaint isn't against the underwriter, Holiday Extras did give Mr and Mrs U wrong information about their options under the policy. I've thought about whether this impacted them.*

*If Mr and Mrs U had known that if they went on their March trip, that they wouldn't be able to make a cancellation claim for their April and September trips if needed, I think it's likely they would have made a cancellation claim for all three trips at that point. I say that because Mrs U had an operation arranged before her April trip, and didn't know if there'd be any complications.*

*However, I can't require Holiday Extras to cover any cancellation costs, because Mr and Mrs U didn't end up cancelling any of their trips. But Mr and Mrs U did take out an alternative policy for their April trip to make sure they'd have cover for Mrs U's condition. As I've said, under our usual approach to these cases, we'd expect the underwriter to make this payment. But here, I think it'd be appropriate for Holiday Extras to do so, as it gave Mr and Mrs U the wrong information about their cancellation options. They wouldn't have incurred this cost if they'd cancelled their trips.*

*I therefore intend to require Holiday Extras to reimburse Mr and Mrs U the cost of the alternative cover they took out for their April trip (and September trip too, if they took out alternative cover for this as well), plus interest.*

*It's clear that Mr and Mrs U were caused worry and upset by the wrong information they were given by Holiday Extras. I see that Mrs U in particular spent a lot of time trying to resolve the issue, and then had to find alternative cover whilst she was recovering from her operation. She has explained the stress that this caused her. I intend to require Holiday Extras to increase the compensation payment to £400 to recognise this.*

*Although Mr and Mrs U are unhappy that Mrs U's condition couldn't be covered in the first place, that decision was made by the underwriter and not Holiday Extras.'*

I asked both parties for any further comments they wanted to make before I made a final decision.

Mr and Mrs U responded to say they accepted my provisional decision.

Holiday Extras responded to say it had nothing further to add.

### **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.

As neither party has provided any new submissions for me to consider, I see no reason to depart from the findings I made in my provisional decision. So I've reached the same conclusions, and for the same reasons.

## **My final decision**

My final decision is that I uphold this complaint. I require Holiday Extras Cover Limited to reimburse Mr and Mrs U for the cost of the alternative policy they took out for their April trip (and September trip, if they did so), plus interest at the rate of 8% simple per annum from the date they paid for the policy to the date of settlement\*.

I also require Holiday Extras Cover Limited to pay Mr and Mrs U total compensation of £400\*\*.

\*If Holiday Extras considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr and Mrs U how much it's taken off. It should also give Mr and Mrs U a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

\*\*Holiday Extras must pay the compensation within 28 days of the date on which we tell it that Mr and Mrs U accept my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs U to accept or reject my decision before 12 January 2024.

Chantelle Hurn-Ryan  
**Ombudsman**