

## The complaint

Mr B and Ms P complain about the settlement paid by AWP P&C SA following a travel insurance claim.

## What happened

Mr B and Ms P have travel insurance cover with AWP as a benefit of Mr B's bank account. Mr B and Ms P, as well as their three children, had booked to get a train to France on 28 January and then return to the UK on 31 January. They were told on 27 January that their return train had been cancelled due to strikes in France. They went ahead with their trip, and ended up staying in France for a further night before they could get a train back to the UK.

Mr B and Ms P made a claim under the policy. They said they were told by AWP they could claim £350 per person, and so they were expecting a settlement of £1,750. However, AWP only paid them £153.53, to cover their hotel and taxi costs. This was initially dealt with under the travel delay section of cover, but AWP later said it shouldn't have done this as it was a cancellation claim. Unhappy with the settlement paid, Mr B and Ms P brought a complaint to this Service.

Our investigator didn't recommend the complaint be upheld. Although AWP had said the claim was a cancellation claim, he didn't think this section of the policy applied. He also didn't think there was cover under the travel delay section.

I issued a provisional decision on 28 November 2023. Here's what I said:

*'I've looked at the policy terms to see what is covered.*

*Under the cancellation section, the policy says:*

*'If your trip is cancelled or rescheduled for a covered reason listed below, we will reimburse you for your non-refundable trip payments, deposits, cancellation fees and change fees...up to the maximum benefit for 'Trip cancellation' cover shown in the 'Benefits summary'.'*

*The policy then lists several reasons where a cancellation claim would be paid. None of the reasons includes strikes. So I agree with our investigator that the claim wasn't covered under the cancellation section. And in any case, Mr B and Ms P's trip wasn't cancelled or rescheduled. They still went on their trip.*

*The policy also provides cover for trip interruption. This does include cover for a strike or industrial action, but Mr B and Ms P would have needed to miss at least 50% of the length of their trip because of this. They didn't do so, and therefore a claim can't be payable under this section either.*

*The policy does provide cover for travel delay due to a strike. This says:*

*'If your or a travelling companion's trip is delayed for one of the covered reasons listed below, we will reimburse you for the following expenses, less available refunds, up to the maximum benefit for 'Travel delay' shown in the 'Benefits summary';*

- 1. Your lost prepaid trip expenses and additional expenses you incur while and where you are delayed for meals, accommodation, communication and transportation, subject to a limit for the first complete 4 hours and a limit for each complete hour thereafter, as shown in the 'Benefit summary', as follows:*
  - If you provide receipts, the 'With receipts' daily limit applies; or*
  - If you do not provide receipts or do not incur expenses, the 'No receipts' daily limit applies...'*

*The policy definition of a 'trip' is 'Your travel originally scheduled to begin from your primary residence on your departure date and end on your return date...'*

*I think Mr B and Ms P's trip was delayed, as they couldn't return on 31 January as they had originally intended due to strike action, and had to return a day later. I therefore intend to find that their claim should be dealt with under the travel delay section of cover.*

*Turning to the settlement of the claim. I've looked at the 'Benefits summary' table referred to in the travel delay section outlined above. This sets out the daily limit, and says:*

*'Covered up to*

*If you have receipts - £500 per beneficiary*

*(£100 limit for the first complete 4 hours and £100 limit for each complete hour after this)*

*If you do not have receipts or have not incurred expenses - £350 per beneficiary  
(£70 limit for the first complete 4 hours and £70 limit for each complete hour after this)'*

*Mr B and Ms P paid for a hotel room and a train (costing £153.53), and I understand they were able to provide receipts for these. Mr B and Ms P say they also paid for food as well as other travel costs, but don't have receipts for these expenses. AWP reimbursed the £153.53, and said the £350 per beneficiary amount wasn't payable because Mr B and Ms P were able to provide receipts.*

*The policy wording makes it seem as though the aim of travel delay benefit is to cover expenses (lost prepaid trip expenses, and/or additional expenses incurred whilst delayed). However, it also says that up to £350 per beneficiary would be payable if there are no receipts or no expenses were incurred. So this suggests a claim would be paid up to £350 (subject to the £70 limit for the first four hours, and then the £70 limit for each hour thereafter) regardless of whether receipts were kept or any expenses incurred.*

*Using AWP's logic, by Mr B and Ms P providing receipts for £153.53, they've effectively lost out on a total payment of £1,750, which is what AWP would have paid if they hadn't provided any receipts. This doesn't seem fair to me. This term is contradictory, and so I think it'd be fair and reasonable for the policy to be interpreted in Mr B and Ms P's favour.*

*As Mr B and Ms P were delayed for around 19 hours, then I think £350 should be paid for each beneficiary. This could increase to £500 if they had incurred costs higher than £350 each and had receipts to show this. Mr B and Ms P had some receipts, but didn't incur costs higher than £350 each. So I intend to require AWP to pay £350 per beneficiary, plus interest.*

*I also think Mr B and Ms P have been caused unnecessary upset by AWP's handling of this*

*claim. They had understood from the outset from AWP that £350 would be paid per beneficiary, but then AWP said only £153.53 would be payable. AWP then told Mr B and Ms P the claim couldn't be settled because they didn't miss 50% of their trip, and then concluded the claim shouldn't have been paid at all. I intend to require AWP to pay Mr B and Ms P £150 compensation for the confusion caused.'*

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

AWP didn't respond by the deadline we gave.

Mr B and Ms P accepted my provisional decision and didn't have anything 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, 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 AWP P&C SA to pay £350 per beneficiary for the travel delay benefit (less the £153.35 that has already been paid). Interest should be added to this at 8% simple per annum from the date the £153.53 was previously paid to the date of settlement\*.

I also require AWP to pay Mr B and Ms P £150 compensation\*\*.

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

\*\*AWP must pay the compensation within 28 days of the date on which we tell it Mr B and Ms P accepts 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 B and Ms P to accept or reject my decision before 9 January 2024.

Chantelle Hurn-Ryan  
**Ombudsman**