

The complaint

Mr and Mrs C complain that UK Insurance Limited (“UKI”) acted unfairly and unreasonably by declining their claim under a travel insurance policy. They want matters put right.

What happened

Mr and Mrs C had a travel insurance policy with UKI through a bank account. They were abroad when Mrs C started to suffer from symptoms associated with Covid-19 on 2 March 2020. She was treated, and Mr C started to suffer from the same symptoms. The treating doctor said that they were well enough to continue with their trip if they didn’t use public transport, but they were ordered to quarantine in hospital on 4 March. They stayed for about 36 hours, where Mr and Mrs C say they didn’t receive the basics such as food.

Mr and Mrs C’s test results were negative so they were discharged; but Mr and Mrs C said the doctors thought they had Covid-19 and told them to home isolate. Mr and Mrs C said that the advice of the Foreign and Commonwealth Office staff in the country (“FCO”) was to return to the UK, or they’d have to stay for 28 days. Mr and Mrs C paid for flights home two days earlier than planned (though the travel provider contributed to the cost).

Mr and Mrs C made a claim to UKI for medical and phone costs and the curtailment of their trip. The claim was declined. UKI said that it wasn’t medically necessary to cut their trip short, rather than continue, and the excess of £75 per insured person was more than the medical and phone calls claimed. It added that curtailment had to be authorised by its staff before a return home and supported by medical evidence that curtailment was necessary.

Mr and Mrs C complained to us, and explained that they suffered great difficulty contacting UKI on the phone while abroad, but had been in contact before returning. The investigator’s view was that the complaint should be upheld. She said that while the FCO had confirmed directly to this service that by the time it was contacted by Mr and Mrs C, they’d cancelled their plans in order to return home, it did advise them to follow the advice of the hospital to self-isolate at home. The investigator said it was clear the FCO hadn’t advised Mr and Mrs C to cut the trip short, but that the trip was curtailed due to them entering quarantine on 4 March 2020 and being unable to continue with their trip as planned due to the advice to isolate on discharge from quarantine.

The investigator said that UKI should pay the curtailment claim from 4 to 9 March 2020 with interest as it was cut short effectively when they entered quarantine. But she explained that UKI wasn’t responsible for the conditions in the hospital so it wouldn’t be fair to ask UKI to pay compensation for this. The investigator also didn’t think it was fair or reasonable for UKI to pay the upgrade costs of the return flight as there was no medical evidence to support such a claim.

Mr and Mrs C said the curtailment period should start from 2 March 2020 as they were ill from then and told not to use public transport. The investigator said that in her view it wasn’t until 4 March that the trip had been effectively curtailed when the quarantine in hospital started but pointed out she had recommended payment to the date the trip was due to end, not the date Mr and Mrs C returned to the UK.

UKI disagreed with the investigator's view. It said the policy required Mr and Mrs C to contact it as soon as reasonably possible about their need to return home, and such claims had to be supported by medical evidence and authorised in advance by it – this didn't happen. UKI pointed out that the FCO didn't advise Mr and Mrs C to return home due to medical needs, but to avoid quarantine abroad. It said that the policy didn't cover the claim.

The investigator explained that her decision was based on the effective curtailment of the trip and the reasonableness of the decision to return home in the circumstances. She said that the policy covered quarantine as an insured event. UKI responded and said curtailment due to quarantine still needed its staff to agree in advance and medical evidence; and it had been wrong for Mr and Mrs C to return to the UK having been advised to isolate for 28 days by the hospital. UKI said their decision to do so without authorisation prevented it from using the most cost-effective way forward. The investigator pointed out Mr and Mrs C did speak to UKI on 5 March when they'd left quarantine; UKI noted the flights home were booked before Mr and Mrs C contacted it about their return.

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.

When I refer to UKI, I'm also referring to its agents. The relevant rules and industry guidelines say that UKI has a responsibility to handle claims promptly and fairly. And it shouldn't reject a claim unreasonably. This means that it shouldn't stick rigidly to the terms and conditions of a policy if it produces an unfair or unreasonable outcome.

The starting point is the terms and conditions of the policy itself. In relation to curtailment (the cutting short of a trip once it's started), the policy says it will cover claims for unused accommodation and travel costs, and the reasonable extra costs for returning home early if those insured unavoidably need to abandon the trip for a variety of reasons, including being seriously ill, being quarantined, or the FCO advising against "*all travel*" or "*all but essential travel*" to the destination. There's also a requirement that claims arising from illness must be supported by medical evidence and the insurer is contacted as soon as reasonably possible once the insured is aware that they need to return home. An excess of £75 per person does apply.

Emergency medical costs and phone costs can be claimed if the insurer becomes ill or is quarantined under a different section of the policy. Again, an excess of £75 per person applies. In Mr and Mrs C's case, the costs are well below the excess and I don't think it's unfair or unreasonable for UKI to apply this term to all policyholders.

UKI wasn't responsible for the conditions in the hospital quarantine, so it wouldn't be fair or reasonable for it to pay anything in respect of this. And while I appreciate why Mr and Mrs C wanted to upgrade their flight, there's no medical evidence by their own account supporting this decision saying that it was necessary. It wouldn't be fair or reasonable for UKI to pay this additional cost for the upgrade.

This leaves the costs of the basic flight home and the effective curtailment of the trip itself for me to consider. I'm not persuaded that Mr and Mrs C were seriously ill. They didn't need hospital treatment and were told to carry on with their trip by the original treating doctor. It was the fear that they might have Covid-19 that led to the quarantine in the hospital. The Covid-19 test was negative also; the medical evidence shown to this service and UKI supports a finding that they suffered from a virus, but nothing more certain can be said. And the FCO has confirmed that it didn't advise Mr and Mrs C to return to the UK or for that matter advise anyone to leave the country in question in early March 2020 due to the

pandemic. The FCO told Mr and Mrs C to follow the medical advice given by the hospital, which is more likely than not to have been the advice from any insurer if asked.

UKI relied heavily on a term within the policy requiring its authorisation to return home. But in my view, it has overlooked key points. Mr and Mrs C didn't choose to enter quarantine on 4 March 2020; their evidence is that they were ordered to report to the hospital, and this is confirmed by the information from the FCO. As soon as Mr and Mrs C entered quarantine, their trip had already been affected and effectively curtailed.

When they were discharged, the evidence shown to UKI and this service shows the hospital advised them to "*home isolate for 28 days*". What does this reasonably mean? To isolate at home, Mr and Mrs C would have to get back to the UK. To stay in the country meant that the trip was still over. It made no difference whatsoever what UKI thought about the matter; the medical advice was unambiguous to the extent that the trip was over for Mr and Mrs C. There was no cost-effective solution to this problem and the medical evidence shows the quarantine was advised by the hospital. I'm satisfied that the fair and reasonable outcome is for Mr and Mrs C's unused accommodation, travel and expeditions between 4–9 March 2020 should be refunded by UKI in line with the remaining terms and conditions of the policy.

The basic return flights are more of a debatable point. The evidence available to me shows that Mr and Mrs C didn't get UKI's consent before booking them. It's possible UKI could've got a cheaper flight and I've already said that the costs of the upgrade shouldn't be covered by UKI. But Mr and Mrs C did tell UKI what had happened, and I don't think it's unreasonable for them to speak to the FCO first. The travel provider arranged the flights.

And it's relevant to point out that there were very limited options – if Mr and Mrs C didn't leave the country quickly, they would have to quarantine for 28 days there. Who would pay the costs of this? The policy doesn't say UKI would pay; I think it's unlikely UKI would have paid these additional costs. The policy does cover a flight back to the UKI if curtailment is required due to quarantine. The hospital put in writing that Mr and Mrs C should isolate at home, so it isn't obvious that medical advice was being breached by doing so; a doctor wrote Mr and Mrs C were fit to fly. I'm not persuaded that UKI's authorisation have made any difference given the medical advice, which it refused to accept when speaking to Mr and Mrs C. I think a fair and reasonable response would've been to accept the hospital discharge note and authorised the basic costs of the flight home, as the alternative would be to leave two vulnerable policyholders in a foreign country to spend 28 days unsupported in quarantine.

Putting things right

UKI should accept the claim under the curtailment section of the policy as I'm satisfied that the holiday was effectively curtailed. It should meet the lost costs of the trip between 4 to 9 March 2020 and consider payment in line with the remaining terms and conditions of the policy. In addition, UKI should pay the basic cost of the return flights it would have paid, (it does not have to refund the contribution by the travel provider and the costs of the upgraded seats). Interest at the rate of 8% simple interest a year from the date the claim was made to the date of payment should be paid by UKI too.

My final decision

My final decision is that I uphold the complaint and UKI should consider the effective curtailment claim and return travel costs as outlined above in line with the remaining terms and conditions of the policy. It should also pay interest as set out above. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 19 January 2021.

Claire Sharp
Ombudsman