

The complaint

Mr and Mrs B complain about the way UK Insurance Limited (“UKI”) has settled their claim under their travel insurance policy.

Any reference to UKI also includes their agents.

What happened

Mr and Mrs B have travel insurance as a benefit through a bank account. They booked a trip abroad departing the UK in February 2020 and were due to return in early May 2020. As a result of the Covid-19 outbreak, Mr and Mrs B were informed that their flights home had been cancelled. They rebooked flights for June 2020, which were subsequently also cancelled but were finally able to return to the UK in late July 2020.

Upon their return home, Mr and Mrs B made a claim to UKI for the cost of the additional accommodation they had incurred as a result of their extended stay – a sum of approximately 3050 Euros. In addition, they claimed for some medical expenses they incurred to replace essential medication during this time.

UKI said as Mr and Mrs B didn’t cut short their trip there is no cover under the policy for these expenses. However, it was prepared to consider the claim further if Mr and Mrs B could show they had attempted to return home earlier than planned. Without this evidence it said it would consider the claim under the travel delay section of the policy, which would be limited to £500. UKI did agree to pay the medical expenses for those items which were essential medication.

Unhappy with this outcome, Mr and Mrs B made a complaint. UKI said its decision regarding the claim remained the same but it did recognise there had been some poor service during the handling of the claim and offered £75 to compensate Mr and Mrs B for this.

Mr and Mrs B brought their complaint to this service. Our investigator looked into the matter but didn’t uphold the complaint. She found that the policy only provided cover for cutting short the trip, there was no cover in place if it was extended. And she thought it was fair for UKI to consider the claim as a travel delay as their return home was technically delayed. She also thought that the offer of £75 that UKI had made to the consumer for the poor service was reasonable in the circumstances.

Mr and Mrs B disagreed with our investigator’s view. They said the only flight options available to them would have meant an extended journey, involving connecting flights and having to travel on public transport when they got back to the UK. And they didn’t feel comfortable returning back to the UK on flights that were likely to be busy and thought it would be safer for them to wait. So, they made the decision to remain abroad. As no agreement could be reached, the matter has been 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 regulator's rules say that insurers must handle claims promptly and fairly. And they mustn't turn down claims unreasonably. So, what I need to consider is whether UKI has acted fairly when reaching its decision on Mr and Mrs B's claim.

Insurers set out what events they will and won't cover in the terms and conditions of the policy. They are entitled to decide what risks they will accept (in return for a premium) but the policy does need to make the position clear to the policyholder. A policy may not cover every single eventuality.

The policy Mr and Mrs B hold includes terms and conditions relating to the cover provided. The relevant parts are as follows:

Cutting Short Your Trip (after your trip has started)

This section provides cover if **you** need to cut short **your trip**. Please contact our emergency assistance service as soon as reasonably possible if **you** are outside **your home area** and **you** need to cut short **your trip**.

You are covered for

We will pay up to £5,000 for each **insured person** for their portion of the **trip** costs if **you** have to cut **your trip** short, including:

- . Unused commercially operated accommodation and travel costs.***
- . Unused car hire.***
- . Unused excursions and activities.***
- . Unused kennel, cattery or professional pet sitter costs.***
- . Unused car parking costs.***
- . If **you** have to return **home** early and **you** can't use **your** return tickets **we** will pay reasonable costs for additional accommodation and travel.***
- . The value of used points or miles if **you** booked **your** flight or accommodation using Avios or a similar promotional scheme.***

I think the policy terms above make it clear that UKI only covers additional expenses a policyholder might incur if they have to return home early. In this case, Mr and Mrs B didn't cut short their trip – in fact, they extended their trip due to the Covid-19 outbreak. And the additional expenses they incurred are as a result of staying abroad for longer than they'd planned. So, I don't think it was unreasonable for UKI to conclude Mr and Mrs B's costs weren't covered by this section of the policy.

Whilst there is no cover under this section of the policy, UKI did agree to consider the claim if Mr and Mrs B had made attempts to return home early but were unable to do so. I think this is the right thing to do, considering the unusual and unprecedented situation being faced by many at this time due to the pandemic. Mr and Mrs B have said they felt it would be safer for them to remain abroad, rather than having to travel back to the UK on potentially crowded flights. They have also said that the flight options weren't direct to the UK – they would have had to obtain a connecting flight. So, on this basis they didn't look to return home early.

I've thought about what they have said very carefully, and I can understand Mr and Mrs B's reluctance to travel on these earlier flights. However, I must take into account that there were options available to them to return home earlier than they did but it was Mr and Mrs B's choice to remain abroad, therefore incurring additional costs for their accommodation. On this basis, I'm not persuaded it is fair to instruct UKI to pay the claim for their extended stay when it is possible these costs could have been avoided.

Having looked at the remaining terms and conditions of Mr and Mrs B's policy, it doesn't appear that there is any other section which would provide cover for their expenses. However, I note that UKI has agreed to consider the claim under the travel delay section, which is limited to £500. It isn't clear if Mr and Mrs B have accepted this offer previously but if they would now like this payment to be made, I would suggest they contact UKI to make the necessary arrangements.

UKI has also offered a total of £75 in compensation for delays and poor service it provided to Mr and Mrs B. I can see that there have been some delays in handling the claim and that UKI asked Mr and Mrs B to provide additional information which turned out to be unnecessary.

I can appreciate how frustrating this must have been for Mr and Mrs B. I think UKI could have handled the situation better by keeping Mr and Mrs B more informed. But I must also bear in mind that UKI was dealing with an unprecedented situation. Covid-19 has had a significant impact on the travel insurance industry given the number of customers whose travel plans were impacted by the disruption to travel. And so, I don't think it's unreasonable that this had some impact on their normal levels of service.

Taking all of this into account, I'm satisfied that the sum of £75 that UKI has offered in compensation for the customer service issues is fair and reasonable in the circumstances. I don't require it to do anything more.

My final decision

For the reasons stated above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 1 December 2021.

Jenny Giles
Ombudsman