

## **The complaint**

Mr and Mrs W complain about the way that UK Insurance limited, trading as Direct Line (“UKI”), has settled their travel insurance claim.

## **What happened**

In January 2020, Mr and Mrs W booked a trip to visit several Southeast Asian countries over a period of three weeks. They booked this through a tour company who made arrangements such as accommodation, internal transfers and a cruise, along with some sightseeing tours. In addition, Mr and Mrs W purchased flights using an airline points scheme, booked airport parking for the duration of their trip and purchased visas for their travel. Mr and Mrs W travelled from the UK in early March 2020.

Four days into their trip, Mr and Mrs W were held in quarantine at their hotel on local government orders as a result of the escalating situation with the Covid-19 pandemic. They remained in the hotel for a number of days before they were allowed to leave. When they were released, they were advised to return back to the UK. Mr and Mrs W were able to amend the date on their original return flight to come home early, however, they did incur some additional expenses, including flights to make their connection back to the UK, some meals at the hotel during the quarantine period and mobile phone charges to make these arrangements. Upon their return, Mr and Mrs W made a claim to UKI for the full cost of their trip, along with the additional expenses incurred.

UKI initially declined Mr and Mrs W’s claim, saying that they should claim their expenses back from the tour company. However, it reconsidered the claim and agreed to pay for the additional travel costs and the unused proportion of their trip, including the unused part of the tour and car parking in the UK, along with unused visas. But UKI said that there wasn’t any cover for the parts of the trip that Mr and Mrs W had already used, including the outward and return flights. It also refused to pay for the additional meals and call charges. UKI agreed to pay a total of £375 for poor service and delays in handling of the claim.

Unhappy with this outcome, Mr and Mrs W complained to UKI and brought the complaint to our service. They said the policy wording didn’t state there wasn’t cover for used costs and that, whilst there was a list of the types of things included in the cover, it didn’t say these were the only costs which would be reimbursed. Our investigator looked into the matter but didn’t think the complaint should be upheld. She agreed that the policy was poorly worded, but she didn’t think this meant UKI was agreeing to cover for all costs, whether used or unused. And as there wasn’t any mention of cover for call charges, she said UKI didn’t need to cover these expenses. In relation to the meals, our investigator said Mr and Mrs W would have needed to buy food wherever they were, so she didn’t agree this cost should be reimbursed. She also considered the compensation UKI paid for the poor service and found that the amount offered was reasonable, taking into account what had happened.

Mr and Mrs W disagreed with our investigator’s view. 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.

I realise Mr and Mrs W feel very strongly about this matter and I'm aware that they have raised a number of issues when bringing this complaint to our service. But it is important to point out that we're an informal and impartial dispute resolution service, set up as a free alternative to the courts. In deciding this complaint I've focused on what I consider to be the heart of the matter rather than commenting on every issue or point made in turn. This isn't intended as a discourtesy to Mr and Mrs W. Rather it reflects the informal nature of our service, it's remit and my role in it.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And they mustn't turn down claims unreasonably. UKI has now settled some of the claim - so the circumstances surrounding the curtailment of the trip are not in dispute. But what I need to consider is if UKI has acted reasonably by not reimbursing all the costs claimed for by Mr and Mrs W.

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

*Cutting short a journey (curtailment)*

*We will pay up to £5,000 for each insured person for costs that you have paid or legally have to pay if you have to cut your trip short, including:*

- *unused accommodation and travel*
- *unused car hire*
- *a maximum of £150 for each insured person for unused pre-booked excursions that you have to cancel before they begin on the advice of a doctor because you or your travelling companion is seriously injured or seriously ill while on your trip*
- *reasonable costs for additional accommodation and travel if you have to return home early and you cannot use your return tickets*
- *the cost of replacing used points or miles if you booked your flight or accommodation using Avios or a similar promotional scheme, or a cash equivalent*
- *reasonable extended parking, kennel or cattery costs you have to pay if you have to remain abroad as a result of your illness or injury.*

UKI has agreed to cover the unused proportion of the trip and it has also paid for additional travel costs Mr and Mrs W incurred. Mr and Mrs W argue that the policy doesn't say it won't provide cover for those parts of the trip that they were able to use – they say the list isn't exhaustive as it doesn't refer to it being limited just to those costs detailed.

I've considered all of Mr and Mrs W's submissions about the policy wording. When making my decision I've taken into account a number of relevant considerations – including the law – but my overriding remit is to decide what I think is fair and reasonable in all the circumstances.

Having read through the policy terms and conditions, I accept Mr and Mrs W's point that the wording could be clearer in parts. But it would be unfair of me to ask UKI to reimburse Mr and Mrs W for those parts of the trip they were able to use. This is because travel

insurance is generally provided on an indemnity basis, which means it is designed to put people back into the financial position they were in prior to the loss. If UKI was to reimburse Mr and Mrs W for the used portion of the trip, they would effectively be in a better financial position as they would be in receipt of a refund whilst also having the benefit of utilising those aspects. While I fully appreciate Mr and Mrs W clearly didn't utilise the flights and hotel in the way they would have expected when they booked their trip, travel insurance policies don't cover loss of enjoyment and these aspects of the trip have been used so there is no financial loss to them.

Mr and Mrs W want to claim for some of the meals they had to pay for in the hotel during their isolation. As it would be necessary for Mr and Mrs W to eat during their trip anyway, these costs are not something that would usually be considered as unusual or additional. I've noted Mr and Mrs W have suggested this was a fully inclusive tour, but from reviewing the itinerary it seems to suggest that this was not the case every day and so they would have had to purchase some meals. Therefore, I'm not persuaded that UKI has acted unreasonably when excluding this cost from the settlement.

And in relation to the call charges, whilst the policy doesn't specifically exclude this cost, I'm satisfied that, if UKI intended to provide cover for such expenditure it would have included this in the policy. These aren't costs which I'd usually expect to see covered under a travel insurance policy. As the policy doesn't stipulate it will cover these costs, I won't be asking UKI to consider this aspect of the claim.

Turning now to the general handling of the claim, Mr and Mrs W say they have always been the ones chasing for updates on their claim and that UKI asked them to provide evidence on aspects of the claim which it then didn't cover. UKI has acknowledged it has made mistakes, not only in relation to delays but also in the way it has dealt with Mr and Mrs W's claim – asking for information which wasn't necessary, not returning calls and not keeping them informed. It has apologised and made two payments, totalling £375, in recognition of the poor service. Having looked through this complaint it is clear that UKI has made a number of mistakes which I'm sure have been incredibly frustrating for Mr and Mrs W. But UKI has apologised for these errors and I'm satisfied that the amount it has offered in compensation is reasonable for what has happened in this case. I therefore don't require UKI to pay anything more.

### **My final decision**

I appreciate this will be disappointing for Mr and Mrs W, but for the reasons mentioned above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs W to accept or reject my decision before 23 November 2021.

Jenny Giles  
**Ombudsman**