

The complaint

Miss J complains because Union Reiseversicherung AG ('URV') hasn't paid a travel insurance claim for cutting her holiday short.

All references to URV include the agents it has appointed to handle claims on its behalf.

What happened

Miss J held a single trip travel insurance policy, provided by URV. The policy was purchased in January 2020.

Unfortunately, while Miss J was on holiday abroad, the UK's Foreign, Commonwealth & Development Office ('FCDO' – formerly the Foreign & Commonwealth Office ('FCO')) advised against all but essential international travel due to the circumstances surrounding Covid-19. On 23 March 2020, the FCDO advised all British travellers who were abroad to return to the UK.

On 24 March 2020, Miss J was notified that her original return flight on 22 April 2020 was being cancelled by her airline because the government in the country she was transiting through had suspended all passenger flights into the country. Miss J instead returned to the UK early, transiting via a different country and departing on 18 April 2020, on a new flight which she bought with a different airline.

Miss J made a claim under her policy with URV for the losses she'd incurred. URV said there was no cover under the terms and conditions of Miss J's policy for the circumstances she found herself in. Unhappy, Miss J complained to URV before bringing the matter to the attention of our service.

One of our investigators looked into what had happened. He said, although Miss J's claim wasn't covered under the terms and conditions of her policy with URV, he thought it would be fair and reasonable in the circumstances for URV to accept the claim regardless. URV didn't agree with our investigator's opinion, so Miss J's complaint 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'm satisfied that our investigator identified, and set out, the relevant industry rules and guidance which apply to the specific circumstances of this case. The investigator also highlighted, and referred to, the key documents which are relevant to this complaint.

The policy documentation

Page 1 of the Insurance Production Information Document ('IPID'), which summarises the cover available under Miss J's policy with URV, says:

'! Are there any restrictions on cover? ...

' Unless agreed with us there will be no cover if the FCO advise against travel to your destination'

The policy terms and conditions, at page 12 under the heading 'What is not covered – applicable to all sections of the policy' says:

'We will not pay for claims arising directly or indirectly from: ...

14. Travelling against FCO advice

Your travel to a country, specific area or event when the Travel Advice Unit of the Foreign & Commonwealth Office (FCO) or regulatory authority in a country to/from which you are travelling has advised against all or all but essential travel.'

Page 17 of the policy terms and conditions, under the heading 'Section B1 – Curtailment charges' set out the cover available if a policyholder has to come home early from their trip. The terms and conditions say URV will pay certain costs if a trip is curtailed for one of the following reasons:

'1. The death, bodily injury, illness, disease or complications arising as a direct result of pregnancy of:

- a) you*
- b) any person who you are travelling or have arranged to travel with*
- c) any person who you have arranged to stay with*
- d) your close relative*
- e) your close business associate.*

2. You or any person who you are travelling or have arranged to travel with being quarantined, called as a witness at a Court of Law or for jury service attendance.

3. You or any person who you are travelling or have arranged to travel with, are a member of the Armed Forces, Territorial Army, Police, Fire, Nursing or Ambulance Services or employees of a Government Department and have your/their authorised leave cancelled or are called up for operational reasons, provided that the curtailment could not reasonably have been expected at the time when you purchased this insurance or at the time of booking any trip.

4. The Police or other authorities requesting you to stay at or return to your home due to serious damage to your home caused by fire, aircraft, explosion, storm, flood, subsidence, fallen trees, collision by road vehicles, malicious people or theft.'

I'm satisfied, based on the information I've seen, that Miss J's trip was cut short because her airline cancelled her return flight as a result of restrictions imposed due to Covid-19.

An airline cancelling a flight isn't covered under the terms and conditions of the curtailment section of Miss J's policy, as it's not a specific or listed insured event. I've also reviewed the remaining sections of Miss J's insurance policy, but I don't think she held any cover which would pay a benefit in the circumstances she found herself in.

What's fair and reasonable in all the circumstances

I have an overriding remit to make a decision based on what I think is fair and reasonable in all the circumstances of a case. I've taken into account the relevant law and industry guidelines and I don't think a strict interpretation of the policy terms and conditions leads to a fair and reasonable outcome in the circumstances of this case.

At the time Miss J's original return flight was cancelled, and at the time she cut short her trip, the FCDO was advising all British travellers who were abroad at the time to return to the UK.

The policy exclusion outlined on page 12 of the terms and conditions excludes cover under any section of the policy if a policyholder is travelling against FCDO advice. This means, based on the information I've seen, I think it's most likely that Miss J wasn't covered by the policy terms and conditions at all after FCDO advice changed, advising travellers to return to the UK on 23 March 2020.

But, under the terms and conditions of Miss J's policy, curtailment of a trip due to changes in FCDO guidance also isn't covered. This means Miss J was left in a situation where she had no cover while she was abroad after 23 March 2020, but she also had no cover if she cut short her trip. I don't think this was made sufficiently clear to Miss J in her policy documentation.

Miss J would need to have read the full policy terms and conditions in order to understand that this set of circumstances wasn't covered. And, I don't think this information was brought to her attention in a prominent and transparent way. So, I don't think the combined effect of the policy terms were made sufficiently clear to her.

I think this created a significant imbalance in the rights and interests of Miss J and URV. I think it's unlikely Miss J would have purchased this policy if she had realised there was no cover if FCDO guidance changed after she bought the policy and/or commenced her trip. And, I'm satisfied that travel insurance policies which did cover curtailment claims arising from changes to FCDO advice were available on the market at the time Miss J bought this policy in January 2020. So, I think it's likely Miss J would have been able to buy alternative insurance which did cover the circumstances she ultimately found herself in.

I therefore think it would be fair and reasonable in the circumstances for URV to accept Miss J's claim outside of a strict interpretation of the policy terms and conditions.

I've taken into account the comments which URV made in response to our investigator's recommendations, but these don't change my decision.

Putting things right

I direct Union Reiseversicherung AG to treat Miss J's claim as covered under the curtailment section of her policy.

Union Reiseversicherung AG should therefore assess the claim under the remaining terms and conditions of the policy.

My final decision

I'm upholding Miss J's complaint against Union Reiseversicherung AG and I direct it to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 14 March 2022.

Leah Nagle
Ombudsman