

The complaint

Mr F and Miss W complain that Union Reiseversicherung AG (URV) declined their claim against their travel insurance policy following curtailment of their trip. Reference to URV includes its agents.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here in full. In summary, on 19 February 2020, Mr F and Miss W bought a single trip, explorer, backpacker travel insurance policy, master policy number RTBEX40039. They planned a trip with intended departure and return dates of 24 February 2020 and 7 June 2020 respectively. The policy started and ended on those dates. I understand that they booked their flights and accommodation separately.

On 23 March 2020, whilst Mr F and Miss W were on their trip, the Foreign Commonwealth and Development Office (FCDO, formerly the FCO) advised all UK tourists to return home. That advice remained in place for the remainder of Mr F and Miss W's planned trip. Mr F and Miss W also say that the government of the country they were in advised foreign tourists to return home.

Mr F and Miss W curtailed their trip following the FCDO advice and returned to the UK on 31 March 2020. They claimed against their policy in relation to the additional cost of their early return flights. URV declined their claim. It said that what happened here isn't covered by the policy.

One of our investigators looked at what had happened. He said that whilst what happened here wasn't one of the insured events under the policy, in the particular circumstances, it was fair and reasonable for URV to deal with the claim under the curtailment section of the policy.

The investigator said that was because an exclusion in the policy meant that if Mr F and Miss W had remained abroad, they would have been doing so against FCDO advice and would have had no cover under the policy. He said that Mr F and Miss W weren't covered if they followed FCDO advice and curtailed their trip but also weren't covered if they remained abroad. The investigator didn't think that the exclusion had been brought to Mr F and Miss W's attention and that the combined effect of the policy wasn't clear to them. The investigator didn't think that Mr F and Miss W would have bought the policy if they'd realised that there would be no cover if FCDO advice changed.

URV didn't agree with the investigator and asked that an ombudsman consider the complaint, so it was 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 rules and industry guidelines

The insurance industry regulator, the Financial Conduct Authority (FCA), has set out rules and guidance for insurers in the Insurance: Conduct of Business Sourcebook (ICOBS).

ICOBS says that insurers should act honestly, fairly and professionally in accordance with the best interests of their customers, and that they should handle claims promptly and fairly.

ICOBS also says that insurers should give consumers “appropriate information” about a policy in good time and in a way that is easy to understand. This should include an Insurance Product Information Document (IPID), giving a consumer a summary of certain things – including excluded risks.

The IPID

At the top of the IPID it says:

“The following summary does not contain the full terms and conditions of the contract which can be found in your policy documentation. [...]”

Under the heading, **“What is insured?”** it says:

“The policy covers up to the following

[...]”

If you need to come home early £1,000”

On page 2 of the IPID, under the heading, **“Where am I covered?”** it says:

“You will not be covered if you travel to a country or region when the Foreign and Commonwealth Office has advised against all or all but essential travel. [...]”

The Policy Terms and Conditions

Page 8 of the policy terms and conditions says:

“What is not covered – applicable to all sections of the policy

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.

[...]”

Section B of the policy, on page 14, sets out the cover available for curtailment. Curtailment cover applies if the insured have to return home early for one of a specified number of reasons, none of which apply here.

The terms say that the policy doesn’t cover anything mentioned in *“What is not covered”*, the relevant part of which I’ve set out above.

Has Mr F and Miss W's claim been declined unfairly?

I think it's fair and reasonable for URV to treat the claim as covered under the curtailment section of the policy because:

- Mr F and Miss W curtailed their trip because the FCDO advised UK tourists to return home. That's not something that's covered under the terms and conditions of the policy, as it's not a specific or listed insured event. However, taking into account the relevant law and industry guidelines, I don't think that leads to a fair and reasonable outcome in the circumstances of this case for the reasons I'll go on to explain.
- If Mr F and Miss W had remained abroad after the change in the FCDO advice on 23 March 2020, they would have done so against that advice. URV said that if Mr F and Miss W had remained abroad and submitted a claim for something that happened after 23 March 2020, it wouldn't have declined the claim. This service asked URV about this and gave it an opportunity to demonstrate - with underwriting guidance and/or claims data - that it covered consumers who chose to stay abroad. But it hasn't done so. And I've not seen any other persuasive evidence that URV would have covered Mr F and Miss W as it said it would. Based on what I've seen, I think it's more likely than not that Mr F and Miss W wouldn't have been covered by the policy terms and conditions if they had remained abroad after 23 March 2020.
- Mr F and Miss W would have needed to read the full policy terms and conditions in order to understand that this set of circumstances wasn't covered. And I don't think that this information was brought to their attention in a prominent and transparent way. So, I don't think the combined effect of the policy terms was made sufficiently clear.
- I think this has created a significant imbalance in the rights and interests of Mr F and Miss W and URV. I think it's unlikely that Mr F and Miss W would have purchased the policy if they had realised that there was no cover under the policy if the FCDO guidance changed whilst they were abroad.

Putting things right

I'm directing URV to treat the claim as covered under the curtailment section of the policy. URV should therefore assess the claim under the remaining terms and conditions of the policy.

My final decision

My final decision is that I uphold Mr F and Miss W's complaint. I now direct Union Reiseversicherung AG to take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Miss W to accept or reject my decision before 17 March 2022.

Louise Povey
Ombudsman