

The complaint

Mr and Mrs C are unhappy that Union Reiseversicherung AG declined a claim they made on their travel insurance policy.

What happened

Towards the end of November 2019, Mr and Mrs C booked a week's holiday abroad, starting 15 August 2020. They had the benefit of a standard, annual multi-trip travel insurance policy underwritten by URV ('the policy'). The policy covered the period 26 December 2019 to 25 December 2020.

On 17 March 2020 the Foreign and Commonwealth Office (FCO) advised against all but essential international travel due to the impact of the Covid-19 pandemic. A few months later the FCO announced exemptions to the FCO advice issued on 17 March 2020 in respect of travel to certain countries, known as "travel corridors". A travel corridor was put in place between the UK and the country Mr and Mrs C had intended to travel to.

On 13 August 2020, two days before they were due to travel, the FCO changed its guidance and advised against all but essential international travel to the country Mr and Mrs C were due to travel (based on the current assessment of Covid-19 risks). So, Mr and Mrs C cancelled their holiday. The FCO advice remained in place at the time they were due to travel.

Mr and Mrs C attempted to recover their pre-paid costs – including via their credit card provider. They made a claim on the policy for the pre-paid costs they couldn't recover in respect of their trip abroad.

URV declined to cover the claim on the basis that there was no cover under the policy for cancelling a trip for the reasons they did. Cancelling a trip because of the impact of Covid-19 isn't listed as an insured event under the cancellation section of the policy. Unhappy, Mr and Mrs C complained to our Service.

Our investigator looked into what happened and recommended the complaint be upheld. She recommended URV reassess the claim outside of a strict interpretation of the policy terms and conditions. This was on the basis that it wouldn't be fair or reasonable for Mr and Mrs C to be left in a position where they had no cover for cancelling the trip due to a change in FCO advice but to also have no cover if they'd gone ahead and travelled (in the event that it was possible for them to do so).

URV disagreed so this 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 in her view dated 15 November 2021. To summarise, URV has an obligation to treat customers fairly. It must consider claims promptly and fairly and it mustn't unreasonably decline a claim. Our investigator also highlighted, and referred to, the key documents which are relevant to this complaint.

The policy documentation

The Insurance Product Information Document ('IPID') summarises the cover available. On page two (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 travel or all but essential travel. For further details, visit: www.gov.uk/foreign-travel-advice."

Page 1 of the policy sets out the criteria for purchase. It says:

*"This insurance will only be valid if, at the time you bought the policy, everyone named on the insurance schedule...
Is not travelling to an area that is classified as 'Advise against all travel or Advise against all but essential travel' by the Foreign and Commonwealth Office at the time of your departure"*

Page 7 of the policy sets out the circumstances under which URV will pay for certain costs, which have been paid and cannot be recovered from anyone else. These are if the policyholder had to cancel the trip because any of the following unexpectedly happening before they left home:

- *you, a travelling companion, a family member, a close business colleague, or the person you were going to stay with became ill, was injured or died;*
- *your home was burgled, or seriously damaged by fire, storm or flood;*
- *you were called for jury service or required as a witness in a court of law;*
- *your pre-booked accommodation was damaged by a natural disaster, and alternative accommodation was not available;*
- *you, or a travelling companion were made redundant;*
- *you, or a travelling companion as members of HM Forces have your leave orders cancelled.*

Was it unreasonable for URV to decline the claim?

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

- I'm satisfied Mr and Mrs C's trip was cancelled because the FCO advised against all but essential travel to the country they were due to travel. That's not something that's covered under the cancellation section of the terms and conditions of the policy; 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.
- Had Mr and Mrs C travelled abroad on 15 August 2020 they'd have not followed FCO advice. So, they wouldn't have been covered by the policy terms and conditions. But, under the terms and conditions of the policy, changes in FCO advice also isn't listed

as an insured event under the cancellation section of the policy. I don't think that was made sufficiently clear to Mr and Mrs C.

- Mr and Mrs C would've needed to read the full policy terms and conditions and cross reference different sections of the policy – in conjunction with the IPID - in order to understand that this set of circumstances wasn't covered. So, I don't think this information was brought to their attention in a prominent and transparent way. I'm satisfied the combined effect of the policy terms and IPID in this case means it wasn't made reasonably clear or obvious to a reasonable policyholder that they'd have no cover under the policy if they travelled against FCO advice. And nor was it made reasonably clear that there's no cover in place should their trip be cancelled because of FCO advice changing in between buying the policy and their intended departure date, as is what happened here.
- I think this created a significant imbalance in the rights and interests of Mr and Mrs C and URV which is unfair in this case. I think it's unlikely that Mr and Mrs C would've bought the policy had they realised that there was no cover under the policy if the FCO guidance changed after they'd bought it. Particularly as there were other travel insurance policies available at the time which would've covered such a situation.
- I've taken into account that the policy had a cooling off period and so Mr and Mrs C could've cancelled within that period once they'd had a chance to read through the terms of the policy if they weren't happy with them. However, even if they did read the full terms, for the reasons set out above, I don't think it would've reasonably been clear to them that there was no cover under the policy if the FCO guidance changed after they'd bought it but before their scheduled departure date.

Putting things right

URV should treat Mr and Mrs C's claim as covered under the cancellation section of the policy. And URV should assess the claim under the remaining terms and conditions of the policy – including (but not limited to) the financial limits of the policy, and any applicable excess.

My final decision

I uphold Mr and Mrs C's complaint against Union Reiseversicherung AG and direct it to put things right in the way I've set out above. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs C to accept or reject my decision before 25 April 2022.

David Curtis-Johnson
Ombudsman