

The complaint

Mr B and Ms M are unhappy that Union Reiseversicherung AG (URV) has declined a claim they made on their travel insurance policy.

What happened

Mr B and Ms M took out a single trip insurance policy with URV to insure a holiday abroad. The holiday was due to take place in April 2020. On 11 March 2020 the World Health Organisation declared Covid-19 to be a pandemic and on 17 March 2020 the Foreign and Commonwealth Development Office (FCDO) advised against all but essential travel abroad. That advice remained in place up until Mr B and Ms M's planned departure date. The airline suspended flights to their destination on 23 March 2020.

Mr B and Ms M's trip couldn't go ahead and they claimed for their unused accommodation expenses. URV declined the claim on the basis it wasn't covered by the policy and that Covid-19 was a known event when the policy was purchased. Unhappy, Mr B and Ms M complained to our service.

Our investigator looked into what happened and upheld Mr B and Ms M's complaint. He didn't think that the policy terms and conditions had made it sufficiently clear that Mr B and Ms M's policy wouldn't cover them for cancellation if the FCDO advised against all but essential travel but also not cover them if they travelled. So, he thought that Mr B and Ms M wouldn't have bought the policy if this had been made clear and transparent.

URV didn't agree and asked an ombudsman to review the complaint. In summary, they said that it was Mr B and Ms M's responsibility to ensure that they had the right level of cover.

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

The Insurance Product Information Document ('IPID') summarises the cover available. On page 1 it says:

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

On page 18 of the policy terms and conditions it sets out the circumstances in which cancellation is covered under the policy. It says:

We will pay you up to the amount shown in the Schedule of benefits for your proportion only of any irrecoverable unused travel and accommodation costs and other pre-paid charges (including excursions up to £250) which you have paid or are contracted to pay, together with your proportion only of any reasonable additional travel expenses incurred if cancellation of the trip is necessary and unavoidable and due to:

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. Redundancy of you or any person who you are travelling or have arranged to travel with...
4. 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 cancellation could reasonably have been expected at a time when you purchased this insurance or at the time of booking any trip.
5. 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.

The policy contains a general exclusion on page 14 which says it will not cover:

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.

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:

- Mr B and Ms M cancelled their trip because the FCDO advised against all but essential travel to the destination they were due to travel to. That's not something that is 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.
- The exclusions that I've outlined above mean that if Mr B and Ms M had travelled abroad they'd have not followed FCDO 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 FCDO guidance also aren't covered by the policy. I don't think that was made sufficiently clear to Mr B and Ms M.

- Mr B and Ms M 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 B and Ms M and URV. I think it's unlikely that Mr B and Ms M would have purchased the policy if they had realised that there was no cover under the policy if the FCDO guidance changed after they'd bought the policy. Other policies covering changes in FCDO advice were available at the time Mr B and Ms M purchased this policy.
- URV didn't raise any further comments about the date of the policy purchase, which was 12 March 2020. However, I've taken this into account and this doesn't change my thoughts about the outcome of this complaint. If URV wanted to exclude cover for claims arising from Covid-19 it was open to them to apply an exclusion to the policy to the policy or to let Mr B and Ms M know that such claims wouldn't be covered during the sales process. It's presented no evidence to demonstrate that it did.

Putting things right

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

My final decision

I'm upholding Mr B and Ms M's complaint and direct Union Reiseversicherung AG to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Ms M to accept or reject my decision before 25 April 2022.

Anna Wilshaw
Ombudsman