

The complaint

Mr and Mrs K are unhappy that U K Insurance Limited (UKI) declined their claim under their travel insurance policy.

Any reference to UKI includes all its agents.

What happened

Mr and Mrs K have a multi-trip travel insurance policy that runs alongside their current account. The policy is underwritten by UKI.

They booked a trip in December 2019 and their intended dates of travel were from 12 March 2020 to 28 March 2020. Mrs K unfortunately suffered a minor stroke on 28 December 2019 (after the trip was booked). She was experiencing shortness of breath and her condition was being investigated. So, her GP advised her against travelling.

On 3 February 2020, Mr K called UKI to arrange a Worldwide upgrade on their policy as the policy only covered trips for Europe. The policy was updated, and Mr and Mrs K paid a premium of £27.12 for the upgrade.

Mr and Mrs K cancelled their trip in February 2020. They received confirmation from their travel provider on 26 February 2020 that the trip was cancelled. It also confirmed the trip was booked on a non-refundable basis. Therefore, Mr and Mrs K suffered a loss for the total amount of the trip they'd paid for. So, they submitted a claim to UKI under their travel insurance policy in March 2020.

UKI declined the claim. It said the policy only provided cover for travel to Europe. As Mr and Mrs K hadn't upgraded to Worldwide cover until February 2020 (after the trip had already been booked in December 2019), their cancellation claim wasn't covered.

Unhappy with UKI's response, Mr and Mrs K brought their complaint to this service. Our investigator looked into it. He didn't think UKI had unfairly declined their claim.

However, he upheld the complaint in part because he thought UKI could have handled the call Mr K had in February 2020 better. He said Mr K called to upgrade his policy to Worldwide cover. He said the advisor didn't make Mr K aware that the trip that he'd already booked wouldn't be covered under the terms and conditions of the policy. He recommended UKI refund the premium Mr and Mrs K had paid for the upgrade. He also said UKI should pay Mr and Mrs K £100 for the way it handled the call.

In regard to the poor service UKI had provided, our investigator said the compensation UKI had offered of £120 was fair and reasonable for what happened.

Mr and Mrs K disagreed with our investigator and asked for the complaint to be referred to an ombudsman. So, it's been passed to me.

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 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 and shouldn't unreasonably reject a claim.

I appreciate Mr and Mrs K feel strongly about how the claim has been assessed. I can also see they've taken the time to provide comprehensive information to us. So, I'd like to reassure them while I won't be responding to each and every point, I have read all their submissions.

The policy terms and conditions

I've started by looking at the terms and conditions of Mr and Mrs K's travel policy as this forms the basis of their contract with UKI. The policy Mr and Mrs K have runs alongside their current account. The policy covers trips for Europe and if trips are arranged outside of Europe, an upgrade would need to be arranged with UKI.

In the policy document, there are various sections which confirm what is covered and what isn't covered in terms of trips booked outside of Europe.

On Page 6 of the policy document, it says:

"This policy does not cover trips outside of Europe. If you are planning a trip outside Europe you need to purchase Worldwide Upgrade before you book your trip."

On page 6, it also says:

"Operation of Cover and Upgrades

....

Geographical Limits

This policy provides cover for travel in Europe. If you are planning a trip outside Europe you need to purchase a Worldwide Upgrade before you book your trip."

Under the Specific Exclusions section of the policy document on page 18, it says, any claim for a trip outside of Europe is excluded unless a Worldwide Upgrade has been purchased.

And, under the Cancellation section of the policy, on page 20, it says:

"You are not covered for

We won't pay for:

...

12. These specific exclusions (see page 18 for full explanations):

...

- *16 Travel outside of Europe.*

..."

I've also looked at Mr and Mrs K's policy schedule which was issued to them on 7 February 2020 because of the upgrade Mr K arranged on 3 February 2020. This confirms their Worldwide Upgrade cover from 7 February 2020 to 2 October 2020. At the top of the schedule, it says:

"This document forms part of the policy. Read in conjunction with the Travel Insurance terms and conditions and keep it in a safe place."

Based on the above terms and conditions of Mr and Mrs K's travel policy and that they arranged the Worldwide Upgrade (in February 2020) after they booked their trip (December 2019), I'm not persuaded they have cover on the policy for their cancelled trip.

I say this because Mrs and Mrs K booked their trip in early December 2019, Mrs K unfortunately suffered a mini stroke on 28 December 2019, they arranged their Worldwide Upgrade cover on 3 February 2020 (which was with effect from 7 February 2020) and the trip was cancelled around 27 February 2020. Under the terms and conditions of their policy, while Mr and Mrs K cancelled their trip for reasons that were understandable, this trip wasn't covered Worldwide but only for Europe. Their upgrade wasn't arranged until after the trip had been booked. As such, I don't think there are any reasonable grounds upon which I could fairly ask UKI to accept their cancellation claim. In this regard, I don't require UKI to do anything further.

Telephone call 3 February 2020 - Worldwide Upgrade

I've listened to Mr K's call with UKI on 3 February 2020. In summary this is what happened:

- Mr K confirmed he wanted the Worldwide policy upgrade.
- The medical conditions that had already been declared for Mrs K were confirmed by the advisor.
- Mr K informed UKI of the recent stroke Mrs K had suffered. The advisor said as this happened after the trip was booked, it was noted but he didn't need to declare it. He would however need to contact UKI for any future trips so that a medical screening is done. Mr K said he thought the trip had been booked in November 2019.
- The Worldwide Upgrade was arranged for a premium of £27.12. The advisor didn't inform Mr K that the trip that he'd already booked wouldn't be covered.
- Mr K requested the full terms and conditions of the policy and the advisor said he could get this from a branch or online.
- Mr and Mrs K's address was updated.

I've considered what happened in the call and the impact to Mr and Mrs K that the advisor didn't inform Mr K the trip he'd already booked wouldn't be covered.

Firstly, I note that even if Mr K had been given correct information, the trip they'd booked still wouldn't be covered under their policy terms and conditions. If he had been made aware of this, the choice would have been Mr K's to make on whether to continue with the upgrade or not. So, in not providing this information, I think UKI fell short in the service it provided and in the expectation Mr and Mrs K would have had in being given this information. I can't say for sure what Mr and Mrs K would have decided if the correct information had been given to them. But, I can see that they didn't receive the information they should have expected. From Mr K's perspective, following the call, he was left with the impression they had

Worldwide cover. It was only when they made the claim, they were told they had no cover.

Secondly, I appreciate UKI didn't provide information it should have. However, I note in the call Mr K said he wanted to see the full terms and conditions of the policy. I can see he did get these as he's provided these to us. So, going back to the above terms and conditions of the policy, it says, the policy provides cover for Europe and if a trip is planned outside Europe, an upgrade needs to be arranged before the trip is booked.

I don't doubt that UKI could have handled the call better, But, in considering the impact of the lack of information, whichever we look at it, I don't think there would have been cover provided for the circumstances of what happened here.

I agree therefore a refund of the premium Mr and Mrs K paid for the Worldwide Upgrade is fair and reasonable. I also think £100 compensation in addition to the £120 (I understand Mr K returned this to UKI) that's already been offered to Mr and Mrs K is fair and reasonable. I understand Mr and Mrs K will be disappointed with this but, in all the circumstances of this complaint, I'm satisfied this is fair and reasonable. I also note UKI has agreed with this.

I've also considered Mr and Mrs K's comments about being issued the policy schedule which included the Worldwide Upgrade and also in relation to the General Exclusions section of the policy terms and conditions. I confirm the relevant policy document that applied in Mr and Mrs K's situation was one which took effect from 1 November 2019. Having reviewed all of this policy terms and conditions, I'm satisfied the claim has not been declined unfairly by UKI.

Putting things right

UKI should now do the following:

- Refund the premium Mr and Mrs K paid for the Worldwide Upgrade.
- Pay Mr and Mrs K total compensation of £220.

My final decision

For the reasons given above, I partially uphold Mr and Mrs K's complaint against U K Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs K to accept or reject my decision before 31 March 2022.

Nimisha Radia
Ombudsman