

The complaint

Mr S is unhappy that AWP P&C SA (AWP) declined his travel insurance claim.

Mr S is represented in bringing this complaint by his father, but for ease of reference, I'll refer to any submissions as being made by Mr S personally.

What happened

Mr S purchased a single trip travel insurance policy on 14 February 2020 to cover his travel abroad between 2 July 2020 and 9 July 2020.

On 17 March 2020, the UK Foreign, Commonwealth and Development Office (FCDO – formerly known as the Foreign and Commonwealth Office (FCO)) advised against all but essential international travel. Mr S therefore cancelled his trip.

Mr S submitted a claim to AWP to recover his cost for the accommodation he booked. AWP assessed the claim and declined it. They said Mr S had been provided with a reasonable alternative as the accommodation provider had offered him to re-book at another time. So, AWP considered the cost to be recoverable.

Unhappy with AWP's response, Mr S brought the complaint to this service. Our investigator looked into what had happened and upheld the complaint. She explained she didn't think the offer of re-booking meant the loss had been recovered. She said the trip had been booked for a special birthday occasion with friends who had various commitments. She also said that Mr S had contacted the accommodation provider recently about the offer but received no response.

AWP disagreed and asked for the complaint to be reviewed by an ombudsman. They said Mr S was offered an alternative which he didn't want to accept at the time and that's not covered by the policy. So, I need to make a decision.

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 say that AWP should handle claims promptly and fairly. And they shouldn't reject a claim unreasonably.

I've first considered the policy terms, as these form the basis of Mr S' contract with AWP. The cancellation section of the policy sets out the 'insured events' it covers for unused costs a policyholder incurs if they need to cancel their trip.

One of these 'insured events' is the FCDO advising against all but essential travel to a policyholder's pre-booked destination. In this case, there's no dispute that Mr S' holiday was cancelled as a result of the FCDO advising against all but essential travel on 17 March 2020. But AWP have used the following terms to decline the claim:

“Section B – Cancelling your trip

We will pay up to the amount shown in the table of benefits for:

1. Travel and accommodation expenses which you have paid or have agreed to pay under a contract and which you have not used and which you cannot get back...
If after the time you booked your trip or purchased your policy, whichever is later, the Foreign and Commonwealth Office advises against all (but essential) travel to your intended destination and no travel and accommodation expenses are refundable or no alternative trip or travel has been offered”.

So, like many travel insurance policies on the market, the policy doesn’t provide cover for costs that can be recovered from elsewhere.

Mr S has explained the trip was a one-off holiday to mark a special birthday occasion which has now passed. And he’s told us that it was a trip for five individuals who live in different locations, have different responsibilities and very limited availability. This together with the uncertainty about the future of travel due to the Covid-19 pandemic, meant that any alternative dates were impossible. I’ve found his testimony on this point to be plausible and persuasive.

Taking everything into account and in the circumstances of this complaint, I don’t think it was reasonable for AWP to consider the offer of re-booking as meaning Mr S had recovered his cost from elsewhere. I’m satisfied, from what Mr S has told us, that he won’t be able to repeat the trip in the way he had initially planned as it was booked for a specific event which has now passed. And, arranging for the other travellers to join him is very difficult. So, even though there is an offer to rebook, Mr S’s specific circumstances mean that this offer is of very limited use to him and I don’t think it would be fair and reasonable to expect him to accept it.

In any event, I also don’t think Mr S will be able to make use of the re-booking offer as the accommodation provider hasn’t been responding to his more recent emails.

In all the circumstances of this complaint, I think it would be fair and reasonable for AWP to accept Mr S’ cancellation claim. I’m not persuaded that the claim has been declined fairly as I don’t think the cost of the accommodation is recoverable in the particular circumstances of this case.

Putting things right

I uphold this complaint and direct AWP to settle the claim, subject to the remaining policy terms and limits. They should also pay 8% simple interest per year from the date Mr S’ claim was made to the date of settlement.

If AWP considers they’re required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr S how much they’ve taken off. They should also give him a tax deduction certificate if he asks for one from HM Revenue & Customs if appropriate.

My final decision

I’m upholding Mr S’ complaint against AWP P&C SA and direct them 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 S to accept or reject my decision before 29 March 2022.

Anna Wilshaw
Ombudsman