

## The complaint

Ms H and Mr K complain about the settlement they've been paid by Mapfre Asistencia, Compania Internacional De Seguros y Reaseguros, S.A. for a curtailment claim they made on a travel insurance policy.

## What happened

In 2019, Ms H and Mr K booked a multi-centre backpacking holiday. They booked an outbound flight from the UK; some internal flights; car hire and a campervan. They didn't book a return flight to the UK, as they wanted their arrangements to be flexible. They planned to travel for around seven months. They took out a travel insurance policy through a broker on 16 February 2020 and cover started under the policy on 2 March 2020.

Ms H and Mr K flew abroad as planned on 2 March 2020, to a country I'll call A. However, on 11 March 2020, the World Health Organisation declared Covid-19 to be a pandemic. And on 17 March 2020, the Foreign, Commonwealth & Development Office (FCDO) advised against all but essential travel abroad. On the same day, Ms H began to suffer from breathing difficulties. She was required to self-isolate in a rented property while she waited for results of a Covid-19 test. This meant Ms H and Mr K weren't able to make full use of their rental car. On 20 March 2020, Ms H received a negative test result and so she and Mr K booked a flight back to the UK, which left A on 27 March 2020. In the meantime, on 23 March 2020, the FCDO advised all UK nationals abroad to return to the UK.

Ms H and Mr K had incurred significant costs in cutting short their trip by booking a return flight and had had to cancel the internal flights they'd booked, together with the cost of the camper van. They'd also incurred costs for the accommodation they'd booked for the purposes of Ms H's self-isolation. So they made a claim on their travel insurance policy. They received full refunds for two of the internal flights from the airline. But they were offered a credit voucher by the airline for one internal flight, so they claimed for the cost of this flight. The travel agent through which the campervan had been booked had ceased trading, so Ms H and Mr K couldn't recover their loss through it and therefore, they claimed for this cost. As Ms H and Mr K had only been able to make use of two days of their car hire booking, they also claimed for a proportionate refund of these costs.

Mapfre partly settled Ms H and Mr K's claim. It fully settled the costs of the accommodation Ms H and Mr K had had to book while Ms H self-isolated while waiting for her Covid-19 test results. It said that if Ms H and Mr K could provide evidence from the car hire company that Ms H and Mr K hadn't received any refund for the unused portion of their rental, it would reconsider this element of their claim. Mapfre didn't agree to settle the cost of Ms H and Mr K's return flight, as it said they'd always have had to pay for a return flight, regardless of cutting short their trip. And it concluded that as Ms H and Mr K's airline had offered them a credit voucher for the cost of their internal flight, they'd been able to recover this cost. It considered that Ms H and Mr K should try and recover the campervan costs through an industry body and so declined to pay this cost. Mapfre acknowledged it hadn't handled the claim as well as it should've done though and paid them £150 compensation.

Ms H and Mr K were unhappy with Mapfre's decision and they asked us to look into their

complaint. While the complaint was waiting to be assessed, the industry body refunded the cost of Ms H and Mr K's cancelled campervan.

Our investigator thought this complaint should be partly upheld. He felt it'd been fair for Mapfre to turn down the claim for Ms H and Mr K's return flight. That's because this was a cost they'd always have had to incur and so he didn't think it was covered by the policy terms. And he felt it'd been reasonable for Mapfre to require a letter from the car hire company to show that Ms H and Mr K hadn't received a refund of their costs before it assessed this part of the claim further. He considered that £150 was fair compensation for the delays in Mapfre's assessment of the claim.

However, he thought that Mapfre should cover the cost of Ms H and Mr K's internal flight. That's because he noted that the airline didn't operate from the UK and so he felt the terms of the voucher were overly restrictive.

Mapfre accepted the investigator's recommendation.

Ms H and Mr K disagreed with the investigator's findings. They felt that Mapfre should cover the cost of their return flight, as the policy didn't state that they'd needed to have booked a return flight or that it only covered lost expenses. They also felt that £150 compensation was an insult.

The complaint's 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.

Having done so, whilst I'm sorry to disappoint Ms H and Mr K, I think Mapfre's current offer of settlement is fair and reasonable and I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And they mustn't turn down claims unreasonably. So I've considered, amongst other things, the terms of Ms H and Mr K's policy and the circumstances of their claim, to decide whether Mapfre treated them fairly.

I've first looked at the terms and conditions of Ms H and Mr K's policy, as these form the basis of their contract with Mapfre. As the outstanding costs Ms H and Mr K are claiming for follow the cutting short of their trip, both through Ms H's self-isolation and through their early return to the UK, I think it was appropriate for Mapfre to consider the claim under the 'Cancelling and cutting short your holiday' section of the policy. This provides the following cover:

*'What you are covered for*

*If you have to cancel or cut short your trip because of one of the reasons listed below we will pay up to the amount shown in the table of benefits on pages 5 and 6 for:*

- **Unused travel and accommodation expenses that you have paid or have agreed to pay under a contract and which you cannot get back**, including any local prepaid excursions, tours or activities, if it is necessary and you cannot avoid cancelling or cutting short your trip; and

- **Reasonable extra travel costs** if it is necessary and you cannot avoid cutting short your

*trip.*' (Emphasis added).

The policy states that Mapfre will cover curtailment claims if the FCDO advises against all but essential travel to a policyholder's destination while they're away. In this case, there's no doubt that Ms H and Mr K returned to the UK after the FCDO had advised all UK nationals abroad to return home and after it had advised against all but essential travel.

However, I also think the policy makes it clear that Mapfre will only cover a policyholder's unused, irrecoverable transport and accommodation costs and reasonable extra travel costs. So I've gone on to explore whether I think the costs Ms H and Mr K claimed fell within the scope of cover.

#### *The car hire costs*

Ms H and Mr K have consistently told us that they were only able to make use of their rental car for two days of their pre-paid hire period due to the situation they found themselves in. Therefore, they feel Mapfre should pay a pro-rata settlement for their unused expenses. To date, they've provided Mapfre with an invoice which shows the car hire costs they paid. But before it considers this aspect of the claim further, Mapfre has told Ms H and Mr K that it requires evidence from the car hire company that it didn't refund any of the costs Ms H and Mr K paid.

It's a general principle of insurance that it's for a policyholder to show they have a valid claim on their policy and provide evidence of their loss. And the policy says that Mapfre will only cover costs a policyholder can't get back. So I don't think it's unreasonable for Mapfre to require such evidence from the car hire company before it further considers this element of Ms H and Mr K's claim. It remains open to Ms H and Mr K to obtain such evidence from the car hire company and to pass this onto Mapfre for its consideration.

#### *The return flight costs*

It's clear that Ms H and Mr K paid a significant amount of money for their return flight and potentially more than they'd have had to have paid had their trip gone to plan. There's also no dispute that Ms H and Mr K were realistically left with no choice but to cut their trip short following the change in FCDO advice and the travel restrictions which were being imposed by many other countries. I sympathise with their position, especially as they've said that Mapfre led them to believe that this cost would be covered.

But in my view, as I've set out above, I think the contract clearly states that Mapfre will only pay for unused travel expenses or extra travel costs. In this case, Ms H and Mr K hadn't booked a return flight before they travelled. So irrespective of Covid-19, they would always have needed to pay for a return flight at some point during their planned trip. The return flight they booked following the change in FCDO advice *wasn't* unused – they travelled on this flight on 27 March 2020. And I don't think it was unfair for Mapfre to conclude that the return flight wasn't an extra travel cost– as Ms H and Mr K didn't have any existing return travel plans in place at the time they booked their return flight. The terms of Ms H and Mr K's policy doesn't cover any difference between standard travel fares and those charged in situations such as these either.

I've also thought about Ms H and Mr K's testimony that they were told this flight would be covered. But given the change in FCDO advice and the situation, I think Ms H and Mr K would likely always have had to decide to cut their trip short and return to the UK. This means I don't think any potential misinformation they were given by Mapfre caused them to lose out.

This means then that I don't think Ms H and Mr K have suffered a loss for their return flight to the UK which is covered by the terms of their policy. And as such, I find it was fair and reasonable for Mapfre to turn down this part of the claim.

### *The internal flight*

Mapfre originally declined to cover the cost of Ms H and Mr K's internal flight, as it considered they'd recovered their full ticket costs through the credit voucher the airline had offered. In some cases, I may conclude that a credit voucher is a fair form of recovery.

However, in these particular circumstances, given the relevant airline didn't have a UK-base and therefore, the flights available to Ms H and Mr K were necessarily limited, our investigator thought the terms of the voucher were overly restrictive. And Mapfre has now agreed to cover the cost of this particular flight. I think this is a fair and reasonable position for Mapfre to now take and I was pleased to see it agreed with our investigator on this point.

### *Compensation*

It's clear Ms H and Mr K feel strongly that Mapfre's handling of their claim has caused them significant distress and inconvenience and I've thought about this. Mapfre acknowledges that it didn't handle the claim as well as it should've done and so it's paid Ms H and Mr K compensation of £150.

I can see that it took Mapfre around six months to progress to its initial settlement of Ms H and Mr K's claim. Even taking into account the disruption caused to insurers by Covid-19, I think this was an unreasonable period of delay and I don't doubt it added to Ms H and Mr K's frustration. But unfortunately, the making of most, if not all, insurance claims will generally put a policyholder to some inconvenience and upset, on top of the inevitable upset caused by the event giving rise to the claim. And I don't think Mapfre can be held responsible for the delays in Ms H and Mr K being able to recover their campervan costs from the regulatory body. I think it was contractually entitled to be satisfied that Ms H and Mr K couldn't recover these costs before it further assessed them.

So overall, while I acknowledge Ms H and Mr K don't feel £150 compensation is sufficient, in my view, it's a fair award to reflect the delays in Mapfre's handling of the claim. This means I'm not directing Mapfre to pay any more compensation.

### *Summary*

In summary, I think Mapfre is entitled to evidence from the car hire company before it agrees to further consider the claim for the unused car hire costs. I'm satisfied it was fair for Mapfre to turn down the claim for the costs of Ms H and Mr K's return flight. I find that the compensation Mapfre has already paid them is fair. But I'm persuaded that it's fair and reasonable for Mapfre to settle the costs of Ms H and Mr K's internal flight, together with interest at an annual rate of 8% simple.

## **My final decision**

For the reasons I've given above, my final decision is that Mapfre's offer of settlement is fair and reasonable.

I direct Mapfre Asistencia, Compania Internacional De Seguros y Reaseguros, S.A. to settle Ms H and Mr K's claim for their internal flight, in line with the policy terms and conditions and together with interest at an annual rate of 8% simple from the date of claim until the date of settlement.

If Mapfre considers that it's required by HM Revenue & Customs to take off income tax from that interest it should tell Ms H and Mr K how much it has taken off. It should also give them a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H and Mr K to accept or reject my decision before 19 May 2022.

Lisa Barham  
**Ombudsman**