

The complaint

Mr T complains because Union Reiseversicherung AG ('URV') hasn't paid the full amount of his travel insurance claim for a trip that was cut short.

All references to URV include the agents it has appointed to handle claims on its behalf.

What happened

Mr T held a single trip travel insurance policy, provided by URV. The policy was purchased in July 2019.

Unfortunately, while Mr T was abroad, the UK's Foreign, Commonwealth & Development Office ('FCDO' – formerly the Foreign & Commonwealth Office ('FCO')) advised against all but essential international travel due to the circumstances surrounding Covid-19. The country which Mr T was visiting also began to introduce restrictions on movement. On 23 March 2020, the FCDO advised all British tourists abroad to return to the UK.

Mr T was originally due to return to the UK on 3 April 2020, but his airline cancelled his flight. A replacement flight which was intended to depart on 28 March 2020 was also cancelled. Instead, Mr T purchased a new return flight, departing on 24 March 2020.

Mr T made a claim under his policy with URV for both his unused and his additional expenses. URV initially said Mr T's policy didn't provide cover for the circumstances he found himself in. However, URV subsequently paid Mr T £1,000 under the '*Catastrophe*' section of his cover.

Unhappy, Mr T complained to URV before bringing the matter to the attention of our service. One of our investigators looked into what had happened. She said, although Mr T's claim wasn't covered under the terms and conditions of his policy, she thought it would be fair and reasonable in the circumstances for URV to assess the claim under the curtailment section of cover regardless. URV didn't agree with our investigator's opinion, so the complaint has been referred 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.

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

Page 1 of the Insurance Production Information Document ('IPID'), which summarises the cover available under Mr T's policy with URV, says:

'! Are there any restrictions on cover? ...

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

The policy terms and conditions, at page 12 under the heading 'What is not covered – applicable to all sections of the policy' says:

'We will not pay for claims arising directly or indirectly from: ...

14. Travelling against FCO advice

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.'

Page 17 of the policy terms and conditions, under the heading 'Section B1 – Curtailment charges' sets out the cover available if a policyholder has to come home early from their trip. The terms and conditions say URV will pay certain irrecoverable unused and reasonable additional costs if a trip is curtailed for one of the following reasons:

'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. 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 curtailment could not reasonably have been expected at the time when you purchased this insurance or at the time of booking any trip.

4. 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.'

No insurance policy covers every situation, and different travel insurance policies often provide different cover for certain scenarios, based on the level of risk which a particular insurer is prepared to accept in return for the premium paid for a policy. The fact that a certain situation may have been covered under Mr T's wife's policy with a different insurer doesn't mean URV is obliged to pay a claim in the same circumstances.

I've thought about the reason why Mr T cut short his trip. I don't think this was because he was quarantined. Instead, Mr T said the reason his trip was cut short was because his return flight was cancelled twice as a result of restrictions imposed due to Covid-19.

An airline cancelling a flight isn't covered under the terms and conditions of the curtailment

section of Mr T's policy, as it's not a specific or listed insured event. This means Mr T's curtailment claim isn't covered under his policy with URV

What's fair and reasonable in all the circumstances

However, I have an overriding remit to make a decision based on what I think is fair and reasonable in all the circumstances of a case. I've taken into account the relevant law and industry guidelines and I don't think a strict interpretation of the policy terms and conditions leads to a fair and reasonable outcome in the circumstances of this case.

At the time Mr T cut short his trip, the FCDO was advising all British travellers who were abroad at the time to return to the UK. The policy exclusion outlined on page 12 of the terms and conditions excludes cover under any section of the policy if a policyholder is travelling against FCDO advice. This means, based on the information I've seen, I think it's most likely that Mr T wasn't covered by the policy terms and conditions at all after FCDO advice changed, advising travellers to return to the UK on 23 March 2020.

But, under the terms and conditions of Mr T's policy, curtailment of a trip due to changes in FCDO guidance also isn't covered. This means Mr T was left in a situation where he had no cover while he was abroad after 23 March 2020, but he also had no cover if he cut short his trip. I don't think this was made sufficiently clear to Mr T in his policy documentation.

Mr T would need to have read the full policy terms and conditions in order to understand that this set of circumstances wasn't covered. And, I don't think this information was brought to his attention in a prominent and transparent way. So, I don't think the combined effect of the policy terms were made sufficiently clear to him.

I think this created a significant imbalance in the rights and interests of Mr T and URV. I think it's unlikely Mr T would have purchased this policy if he had realised there was no cover if FCDO guidance changed after he bought the policy and/or commenced his trip. And, I'm satisfied that travel insurance policies provided by other insurers which did cover curtailment claims arising from changes to FCDO advice were available on the market at the time Mr T bought this policy in July 2019. So, I think it's likely Mr T would have been able to buy alternative insurance which did cover the circumstances he ultimately found himself in.

I've taken into account the comments which URV made in response to our investigator's recommendations, but these don't change my decision.

I therefore think it would be fair and reasonable in the circumstances for URV to accept Mr T's claim outside of a strict interpretation of the policy terms and conditions, and to consider his claim under '*Section B1 - Curtailment charges*'. I understand Mr T was in correspondence with URV over a period of nine months in an attempt to have his claim paid, but I'm satisfied that a direction for URV to consider the claim is a fair and reasonable outcome in the circumstances.

I note that URV has already paid Mr T the applicable policy limit of £1,000 under '*Section B10 – Catastrophe*'. Having considered what this section of the policy covers, and the events of 21 March 2020 which Mr T has described, I think it was fair and reasonable for URV to make this payment.

When assessing Mr T's claim under the '*B1 - Curtailment charges*', URV is entitled to take the remaining policy exclusions, policy excesses and/or policy limits into account. I note that Section B10 of the policy says costs can only be claimed for under Section B1 or Section B10 for the same event. I also note that Section B1 of the policy contains an exclusion for '*any curtailment travel costs that are not to the same standard as your original return tickets*'.

It's for URV to now calculate the amount of any settlement due to Mr T. If there's a subsequent dispute about the amount of that settlement, Mr T would need to raise a complaint with URV in the first instance before this service would have the power to consider the matter.

Putting things right

I direct Union Reiseversicherung AG to treat Mr T's claim as covered under the curtailment section of his policy.

Union Reiseversicherung AG should therefore assess the claim under the remaining terms and conditions of the policy.

My final decision

I'm upholding Mr T's complaint against Union Reiseversicherung AG and I direct it 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 T to accept or reject my decision before 15 March 2022.

Leah Nagle
Ombudsman