

## **The complaint**

Mr and Mrs K complain that Aviva Insurance Limited hasn't fully settled two cancellation claims they made on their travel insurance policy.

## **What happened**

Mr and Mrs K have travel insurance as a benefit of their packaged bank account.

Mr and Mrs K had two holidays booked. They were due to travel to a country I'll call T in January 2020. And they were due to take their family on holiday to a country I'll call S in July 2020. They'd paid a deposit of £150 per person for each of their travelling party to their accommodation provider.

Unfortunately, one of Mr and Mrs K's family members was diagnosed with a serious illness and so Mr and Mrs K had to cancel both holidays. They made a claim on their travel insurance policy for the cancellation costs they'd incurred.

Aviva accepted and partly settled both claims. It ultimately settled Mr and Mrs K's claim for the cost of their accommodation in T. It said it would consider their unused flight costs on provision of a cancellation invoice from their airline, which showed that their costs hadn't been refunded. Aviva didn't agree to pay Mr and Mrs K's full deposit costs for the second holiday – it simply settled the deposit costs which related to Mr and Mrs K alone.

Mr and Mrs K weren't happy with Aviva's decision and they asked us to look into their complaint. They said they'd tried to get a cancellation invoice from the airline but hadn't had a response. They also didn't think Aviva had fully settled their accommodation costs in relation to the first claim. And they told us that they'd paid for the deposits to S as a gift. They said they'd intended to pay the full costs of the family holiday to celebrate a special occasion. So they felt it would be fair for Aviva to settle the full deposit claim.

Our investigator thought Aviva had treated Mr and Mrs K fairly. She felt that the policy terms made it clear that before it would settle cancellation claims, Aviva required evidence from a travel provider that a policyholder hadn't received a refund of their costs. So she thought it'd been fair for Aviva to decline to settle Mr and Mrs K's flight costs until it'd had sight of such a confirmation.

The investigator accepted that Mr and Mrs K had paid the deposit costs for the trip to S and had intended to pay for the full trip. But she noted that the policy stated Aviva would only cover a policyholder's own costs. So she felt it'd been fair for Aviva to limit its settlement for this claim to Mr and Mrs K's personal deposit costs alone.

Mr and Mrs K disagreed. They said the outcome felt all wrong and that they believed many people would also believe that they were covered for whatever eventualities might happen. They felt that it was unfair for Aviva to hide behind the policy wording, as they questioned how their family could claim for something they hadn't paid for. They didn't think the investigator had taken the fair route when assessing their complaint.

The complaint was passed to me to decide. I noticed that Aviva hadn't fully settled Mr and Mrs K's claim for their accommodation in T. Aviva has now recalculated the settlement for this part of the first claim and paid Mr and Mrs K the shortfall balance of £180, together with interest at an annual rate of 8% simple to recognise the time they were without the money.

### **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, while I'm sorry to disappoint Mr and Mrs K, I think Aviva has now settled their claims fairly 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 and conditions of the policy and the circumstances of the claim to decide whether Aviva treated Mr and Mrs K fairly.

First, I'm sorry to hear about the circumstances which gave rise to Mr and Mrs K's claims. I don't doubt what a worrying and upsetting time this must've been for them both and for their family. I do hope their family member has made a good recovery.

As Mr and Mrs K's complaint concerns two claims, for ease of reading, I've considered each separately. There's no dispute though that Aviva accepted both claims were valid under the cancellation section of the policy and so I haven't looked specifically at this point.

#### *The trip to T*

The cancellation section of the policy says that Aviva will pay for a policyholder's unused travel and accommodation (amongst other) costs which they can't get back. Most, if not all, travel insurers will only settle claims for a policyholder's irrecoverable costs.

In this case, Aviva accepted that the costs of Mr and Mrs K's villa were non-refundable and it agreed to settle these. I checked its calculation and as I explained, I identified a shortfall in the settlement sum. And I'm satisfied that by paying Mr and Mrs K this shortfall amount of £180, together with interest of 8%, Aviva has now fully and fairly settled Mr and Mrs K's claim for their accommodation costs.

Mr and Mrs K have also claimed for their flight tickets – a cost of broadly £700. Aviva hasn't declined to pay these costs – it's explained to Mr and Mrs K that it needs to see a confirmation from the airline that it hasn't refunded Mr and Mrs K's fare costs. That's so it can be satisfied that Mr and Mrs K haven't already recovered these costs. As I've set out above, the contract terms say that Aviva only covers costs which a policyholder can't get back.

The cancellation section of the policy also includes 'special conditions' which apply to cancellation claims. One of these says:

*'All claims must be supported by documentary evidence that you have been unable to obtain a refund from the Travel and /or accommodation provider.'*

I think then that the totality of the contract terms make it clear Aviva requires documentary evidence from a policyholder's travel provider that no refund has been paid.

Mr and Mrs K have provided Aviva with evidence of their attempts to get in touch with the

airline, together with screenshots showing they never checked-in. I appreciate that they haven't yet been able to get a response in writing which confirms that no refund has been made. So I do understand how frustrated they must feel. But I also note that Aviva told Mr and Mrs K that there was no time limit on them being able to send in this information to it and that their claim would remain open. And on this basis, I think it's reasonable for Aviva to require sight of evidence from the airline that it didn't refund the costs of Mr and Mrs K's January 2020 flight before it settles this cost. If Mr and Mrs K are able to obtain this information, they should send it onto Aviva for it to consider.

### *The trip to S*

It's clear that Mr and Mrs K intended to pay for a celebration holiday for their family. And I don't doubt their testimony that they paid the full deposit costs for their hotel. I can understand how disappointing it must've been when Aviva only settled the costs of their own deposits and excluded the deposits for the other seven members of their family. So again, I've looked carefully at the relevant policy terms and conditions.

Page 8 of the policy provides a 'Table of Benefits' which sets out a brief overview of cover. Under the cancellation section it says:

*'What are the main features and benefits?*

*Refund of your own personal travel and accommodation costs that you cannot get back.'*

Page 23 sets out the full cancellation cover. This says:

*'We will pay for costs that each insured person has paid, and cannot get back, or which legally have to be paid for their **own personal travel and accommodation**...if you have to unavoidably cancel your trip for one of the reasons below.'*

In my view, the policy terms make it sufficiently clear that Aviva will only pay a policyholder's own travel costs. I don't think I could reasonably interpret them in such a way as to find that Mr and Mrs K's family member's deposit costs should also be met.

I sympathise with Mr and Mrs K's position, because I appreciate they've been left out of pocket for the remainder of the deposit they paid. But I don't find that Aviva acted unfairly when it calculated the settlement due to Mr and Mrs K for their trip to S. This means that I'm satisfied that Aviva has now settled this claim fairly.

**My final decision**

For the reasons I've given above, my final decision is that Aviva has now settled Mr and Mrs K's claims fairly.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K and Mrs K to accept or reject my decision before 25 March 2022.

Lisa Barham  
**Ombudsman**