

## **The complaint**

Mr and Mrs W and their children, Mr W and Miss W, are unhappy that Chaucer Insurance Company Designated Activity Company hasn't paid a claim made under their travel insurance policy.

To keep things simple, I've referred to Mr and Mrs W throughout as the trip was booked to celebrate a milestone wedding anniversary. And I'll refer to their son, Mr W, and daughter, Miss W, as 'their children'.

## **What happened**

Towards the end of 2019, Mr and Mrs W booked a trip abroad to a Mediterranean island, I'll refer to as 'M'. They paid a deposit to rent a villa for two weeks from the end of June 2020.

Mr and Mrs W, and their children, had the benefit of an annual travel insurance policy underwritten by Chaucer ('the policy'). The policy was issued on 15 March 2020 and covered the period 3 April 2020 to 2 April 2021.

Due to the Covid-19 global pandemic, Mr and Mrs W and their children, were unable to go on their trip. They were able to arrange a refund for their pre-booked flights from a third party but were unable to get a cash refund of the deposit they'd paid for a villa from the travel booking agency through whom the villa was booked ('the travel booking agency').

The travel booking agency said they were unable to offer cash refunds, but Mr and Mrs W, and their children, were offered to change the booking for some time in 2021.

Mr and Mrs W made a claim on the policy to cover the cost of the deposit.

The claim was declined by Chaucer. It said that the policy covered irrecoverable losses and as Mr and Mrs W had been offered to rearrange their booking in 2021, that didn't amount to an irrecoverable loss.

Mr and Mrs W disagreed. They complained to Chaucer and after it maintained that it was right to decline the claim, Mr and Mrs W, and their children, brought a complaint to us.

Our investigator upheld their complaint and recommended Chaucer reassess the claim in line with the remaining terms and conditions of the policy. Chaucer didn't reply. So, this complaint has been passed to me to look at everything afresh and 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.

Chaucer has an obligation to treat customers fairly. It should also handle claims fairly and promptly and it mustn't unreasonably decline a claim.

Subject to the remaining terms of the policy, page 22 confirms cover is provided for a trip being cancelled *“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”*.

On 17 March 2020 the Foreign and Commonwealth Office (FCO) advised against all but essential international travel due to the impact of the Covid-19 pandemic – including the country to which Mr and Mrs W, and their children, were due to travel. And that advice was still in place at the time they were due to depart for their trip.

I'm satisfied that this was the ultimate reason which led to Mr and Mrs W, and their children, not being able to go on their holiday. And as that advice was introduced after they'd booked their trip and took out the policy, I'm satisfied that this was covered as an insured event under the cancellation section.

Earlier in the cancellation section of the policy, at page 21, it's reflected that Chaucer:

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

- travel and accommodation expenses which you have paid or have agreed to pay under a contract and which you cannot get back...”*

Chaucer has declined the claim on the basis that the loss being claimed for under the policy was recoverable as Mr and Mrs W had been offered to change their booking until 2021 and so they received full credit for the amount being claimed – albeit not a cash refund.

At the time Chaucer made this decision at the start of 2021 (and issued their final response letter setting out similar reasoning in March 2021), the country Mr and Mrs W live in was experiencing a further lockdown, significantly restricting the movement of its citizens and residents. And, again, the FCO was advising against all but essential international travel.

Although, Mr and Mrs W, and their children, were free to rearrange their booking, I can understand why they didn't want to; they'd booked their original trip in celebration of a significant wedding anniversary and Mr and Mrs W say that because of their age the trip planned for 2020 was going to be their last holiday abroad. I've no reason to doubt what they say about this and I accept this was the case.

What's more, the outlook for 2021 was looking very uncertain at the start of 2021 and the FCO's advice against all but essential international travel didn't begin to lift until May 2021, when certain countries were either placed on a 'green', 'amber' or 'red' lists. The country which M forms part of remained on the amber list, initially meaning that those returning to the UK were required to quarantine at home for a period of time. The country which M formed part of remained on the amber list for the months that followed. And although travel to and from an amber list country was subsequently made easier for those who had received two vaccinations, I don't think it was unreasonable for Mr and Mrs W, and their children, to not want to travel and rearrange their booking for 2021.

I've also thought about whether the booking could be rearranged for 2022. But it's very unlikely that this would now be possible as the travel booking agency ceased trading at the start of 2022 and it was announced that a liquidator would be appointed.

So, in the circumstances of this particular case, I think it's fair and reasonable for Chaucer to treat this expense as a cost Mr and Mrs W, and their children, haven't been able to get back.

### **Putting things right**

I direct Chaucer to reassess the claim on the basis that the deposit paid for the villa (as being claimed for) is an expense Mr and Mrs W, and their children, can't get back under the cancellation section of the policy.

Any reassessment is subject to the remaining terms and conditions of the policy – including (but not limited to) the financial limits of this section of the policy, and any applicable excess.

### **My final decision**

I uphold the complaint brought by Mr W, Mrs W, Mr W and Miss W. I direct Chaucer Insurance Company Designated Activity Company to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W, Mrs W, Mr W and Miss W to accept or reject my decision before 17 June 2022.

David Curtis-Johnson  
**Ombudsman**