

## **The complaint**

Mr J and Miss F are unhappy that Astrenska Insurance Limited declined a claim they made under their travel insurance policy.

## **What happened**

In early 2020, Mr J and Miss F booked to on a holiday abroad, with members of their family. The trip was due to take place in July 2020 – with them departing on 9 July and returning a week later.

The plan for the holiday was for Mr J, Miss F and their family to share a villa. So, one was booked – with the cost being split between the parties going on the trip. This meant Mr J and Miss F paid £708 for accommodation, as well as for the flights to their intended destination.

Unfortunately, they later received notification from their airline provider that the flights they were due to take with it were cancelled. And they were provided with a refund for these. But Mr J and Miss F said this meant they weren't able to go on their holiday as planned.

They've noted that attempts were made to get a refund of the £708 they paid towards accommodation. But this wasn't successful. So, having a travel insurance policy, they decided to make a claim under the policy for their loss.

Astrenska, their insurer, looked into Mr J and Miss F's claim and declined it. It said that the situation they were claiming for wasn't covered by their insurance policy. Astrenska said for the loss to be covered, the reason for the cancellation had to be listed as covered within their policy booklet. But it wasn't. So, it wasn't willing to settle the claim made.

Mr J and Miss F didn't feel this was fair. They noted that the holiday was cancelled as a result of the pandemic. And they said that from their reading on their policy, there was cover in place for cancellation due to government advice not to travel. Mr J and Miss F said they hadn't travelled due to the impact of government restrictions at the time.

Astrenska didn't agree. It said the reason Mr J and Miss F couldn't go on holiday was because their flights were cancelled. And this wasn't a reason listed as covered within the policy. It noted that Mr J and Miss F were due to go abroad on 9 July 2020, but a few days prior to that, the area Mr J and Miss F lived in lifted restrictions on movement. And, the Foreign, Commonwealth and Development Office (FCDO formerly FCO), had also lifted restrictions on travelling to their intended destination. So, they could have gone on holiday.

Mr J and Miss F didn't agree. As they remained dissatisfied, they referred their complaint to this service for an independent review. When coming to this service Mr J and Miss F said they weren't able to travel to their destination, because their flights were cancelled, and there were no other flights they could take, within their area. They also noted they weren't able to travel further afield at the time, because of 'stay local' advice stopping them from travelling to airports further away.

Our investigator considered Mr J and Miss F's complaint and thought it should be upheld. She said:

- Mr J and Miss F's flights were cancelled at a time when the government were advising against all but essential travel abroad. And Mr J and Miss F's policy did provide cover for cancellation due to a government directive prohibiting travel abroad. So, the policy did provide cover for the situation Mr J and Miss F found themselves in at the point the flights were cancelled.
- Government restrictions prohibiting travel abroad did lift before Mr J and Miss F were due to go on holiday. With the government advice restricting travel to their intended lifting on 4 July 2020, and restrictions mandating a 'stay local' approach being lifted on 6 July 2020, three days before Mr J and Miss F's holiday. But, the original reason for the flights being cancelled was as above. And, it wasn't reasonable to expect Mr J and Miss F to source alternative flights further away (and in England, not Wales), as well as travel to the airport, along with their other family members, within these three days.
- So, she felt it was fair and reasonable for Astrenska to pay Mr J and Miss F's claim.

Mr J and Miss F agreed with our investigator's opinion. But Astrenska didn't agree. In summary, it said Mr J and Miss F's holiday didn't go ahead because of their specific flights being cancelled. And not because of anything covered by the policy. It reiterated that there were no restrictions on Mr J and Miss F travelling when they were due to depart. And so, there was no cover under the part of the policy covering this.

Because Astrenska didn't agree, this complaint has been referred 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, I've decided to uphold this complaint. I've explained by reasoning for this below.

When considering a complaint such as this, I need to consider the relevant law, rules and industry guidelines. In this case, the relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly and fairly. So, I've thought about whether Astrenska, in declining to provide Mr J and Miss F with settlement for their accommodation, did so fairly. And I don't think it did.

I've reviewed Mr J and Miss F's policy documents, which detail the terms and conditions of their policy. And as is usual with insurance policies of this nature, I can see the policy provides Mr J and Miss F with cover for the cancellation of their trip, if the cancellation was due to one of the events listed in the policy booklet. There are a number of events listed as covered, such a cancellation in certain circumstances, including cancellation due to:

*“a government directive prohibiting all travel to the country or area you were planning to visit, as a result of a natural disaster (e.g earthquake, fire, flood, hurricane or epidemic).”*

With this in mind, I'm aware that if Mr J and Miss F's trip was cancelled due to the above, a claim for their loss would be covered.

I've seen emails from Mr J and Miss F's airline provider. On 14 June, Mr J and Miss F were told that because of the impact of Covid-19, their flights were cancelled, and flight credit was

available to them. As Mr J and Miss F had no flights in order to travel to their villa from that point, I'm satisfied their holiday was cancelled. And it was cancelled as a direct result of the government prohibitions the policy details as covered. So, at this point, I'm satisfied Mr J and Miss F had an acceptable claim under the terms and conditions of their policy.

Astrenska has highlighted that the situation changed after the flights were cancelled. It has said that on 4 July 2020, government restrictions to Mr J and Miss F's intended destination was lifted – with the implementation of travel corridors. So, Mr J and Miss F were able to travel. They'd just need to book other flights, and they'd be able to attend the villa, as they'd planned to.

I do appreciate that the travel corridor meant there was no longer a prohibition on travel to Mr J and Miss F's intended destination. But I'm also satisfied the lifting of these restrictions came too late for Mr J and Miss F. Their holiday had already been cancelled (because the flights were cancelled), as a result of government prohibitions due to the Coronavirus pandemic. And there were further complications resulting from the government prohibitions around epidemics, which meant Mr J and Miss F weren't able to travel on holiday, as planned.

Mr J and Miss F's local area was subject to different rules to other parts of the UK. Up until 6 July 2020, Mr J and Miss F's local area was subject to a 'stay local' rule. This meant Mr J and Miss F weren't able to travel a distance further than five miles from their home.

So, whilst the travel corridor arrangement was in place from 4 July 2020, Mr J and Miss F weren't able to make any alternative arrangements to travel, until 6 July 2020. This was then only three days before their villa booking was due to start. This left a very short amount of time to make alternative arrangements to resume their trip. I've seen that the airport they were originally due to fly from didn't have flights to their intended destination. And I don't think it's fair and reasonable to expect Mr J and Miss F to arrange alternative flights, from a neighbouring UK country. If Mr J and Miss F were able to find an alternative flight, which we don't know would have been possible, they would then need to arrange travel, and perhaps accommodation at the new airport. I don't think it would be fair to expect Mr J and Miss F to go to these lengths, and ultimately change their initial trip plans, in order to make use of the villa.

So, whilst I appreciate government prohibitions may have been lifted on 6 July 2020, the impact of the government prohibitions had already irrevocably impacted Mr J and Miss F's holiday. It was the cause of the flight cancellation. And given this, I consider it fair and reasonable for Astrenska to settle Mr J and Miss F's claim, in line with the remaining terms of the policy.

As is usual in situations such as this, Astrenska should also pay Mr J and Miss F an amount of 8% interest on this amount, from the date of loss, to date of settlement, less any tax properly deductible.

### **My final decision**

Given the above, my final decision is that I require Astrenska Insurance Limited to:

- Settle Mr J and Miss F's claim, in line with the remaining terms and conditions of the policy.
- Astrenska should also pay Mr J and Miss F an amount of 8% interest on this amount, from the date of loss, to date of settlement, less any tax properly deductible. If HM

Revenue & Customs requires Astrenska to deduct tax from this interest, Astrenska should give Mr J and Miss F a certificate showing how much tax its deducted, if they ask for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F and Mr J to accept or reject my decision before 20 June 2022.

Rachel Woods  
**Ombudsman**