

## **The complaint**

Mrs and Mr L complain that AWP P&C SA declined their travel insurance cancellation claim. My references to AWP include its agents.

## **What happened**

On 18 June 2019 Mrs and Mr L bought an annual multi trip travel insurance policy for their family. The cancellation section of the policy was underwritten by AWP. Mrs and Mr L bought the policy to cover a trip the family was due go on in July 2019 as well as later trips. They selected the start date for the policy to be the start date of the trip, 28 July 2019.

Unfortunately on 18 July 2019 Mrs and Mr L's young daughter badly broke her arm and was medically advised not to travel. On 19 July 2019 Mr L called AWP to tell it the situation. He says AWP told him the documents he needed to provide to claim for cancellation of the trip.

AWP sent Mr L the claim form that day and he submitted the claim at the end of August 2019. In early September 2019 AWP asked Mr L for more documents and information about the claim, which he provided.

At the end of September 2019 AWP declined the claim as the incident and the medical advice which caused the cancellation claim happened before the policy cover started. So there was no cover for cancellation.

Mrs and Mr L complained to us. In summary they said:

- When they bought the policy it wasn't made clear to them that cancellation cover didn't start immediately, as it would with a single trip policy. They didn't know their cover only started on 28 July 2019.
- When Mr L spoke to AWP on 19 July 2019 about their situation he gave AWP the policy number. AWP should have known and told him the policy cover hadn't started, and it didn't. Instead AWP told him how to make a claim and once he'd made a claim it had asked for further information about costs giving the strong impression that they were covered.
- AWP's delay in telling them they weren't covered disadvantaged them. They said they could have made alternative arrangements rather than cancel the planned trip. Also, as they understood they would receive a cancellation settlement they booked another holiday which they wouldn't have done if they'd known their claim wasn't covered.
- They want AWP to pay the cancellation claim.

Our investigator said Mrs and Mr L would need to make a separate complaint about a potential mis-sale of the policy against the business that sold the policy. He thought that in the 19 July call AWP should have reasonably told Mr L cancellation cover hadn't started and that it unnecessarily inconvenienced Mr L by asking for further information to support his claim when it could have declined the claim straightaway. But our investigator didn't think that AWP had otherwise disadvantaged Mrs and Mr L as in the 19 July call Mr L told AWP the family had already decided to cancel the holiday and Mr L should have considered alternative options about the lost holiday anyway as they had a 'duty to mitigate' (take steps to minimise their loss). Our investigator recommended AWP

pay Mrs and Mr L £100 to reflect the distress and inconvenience they were put to in obtaining documents AWP didn't need to ask for, but AWP didn't need to pay the claim.

AWP accepted the recommendation. Mrs and Mr L disagreed and wanted an ombudsman's decision. They said:

- They'd taken reasonable steps to mitigate their loss in cancelling the holiday as soon as they were medically advised to
- They had been disadvantaged by AWP leading them to believe the cancellation claim was covered. They said they could have asked the holiday providers to be sympathetic to their circumstances and move the booking to the following year, or they could have amended the booking to Mr L's brother's family. They emphasised they wouldn't have booked an alternative holiday.
- £100 wasn't reasonable compensation for the distress caused by AWP not telling them there was no cover at the time they cancelled the trip.

Before I made a decision I asked AWP to provide the policy application process Mrs and Mr L went through in June 2019 as I thought it was responsible for the policy sale. It provided the process, which I referred to in my provisional findings.

### **What I provisionally decided – and why**

I made a provisional decision explaining why I was intending to uphold the complaint. I said:

'The relevant industry rules say insurers should handle claims promptly and fairly and shouldn't unreasonably reject a claim.

Mrs and Mr L's first point of their complaint was the policy sale wasn't clear that cancellation cover didn't start immediately for the policy they bought. The policy says:

*'(Name of another business) is an insurance intermediary providing a non-advised service. We act for and on behalf of the insurer...*

*(Name of insurance intermediary) exclusively uses AWP P&C SA to underwrite (name of policy) Travel Insurance, except for Gadget cover which is underwritten by (a separate insurer) and Scheduled Airline Failure underwritten by (another separate insurer).'*

So I think the insurance intermediary was acting on behalf of AWP in the sale of the policy and it's fair for me to consider the mis-sale complaint as part of this complaint, against AWP. It's sent us the policy sale process Mrs and Mr L went through.

The sales process shows that the section headed 'when would you like your cover to start?' has a note alongside dates to select which says:

*'Annual Multi Trip policies cover you for 12 months from the start date. No cover is given for cancellation until the policy starts. If you want this cover, you should consider starting the policy straight away*

*Single Trip policies cover you for cancellation from the day you buy your policy, regardless of when you are going'.*

I think the above information was clear that if Mrs and Mr L were buying an annual multi trip policy cancellation cover didn't start until the policy started and if they wanted that cover they

should select the date they bought the policy, not the date the trip started. So I don't think the policy was mis-sold to Mrs and Mr L.

I've also looked at the policy documents sent to Mrs and Mr L.

The policy says:

*'Period of Insurance...*

*For annual multi-trip cover Cancellation cover begins on the start date shown on your policy schedule or the date you booked your journey, whichever is the later and ends at the beginning of your journey...'*

The Insurance Product Information Document (IPID), which is a summary of keys parts of the policy, says on page 2:

*'When does the cover start and end? ....*

*For annual multi-trip cover*

*Cancellation cover begins on the start date shown on your policy schedule or the date you booked your journey, whichever is the later and ends at the beginning of your journey...'*

The policy schedule says the start date for cover is 28 July 2019.

I think it's clear from the policy documents that cancellation cover in Mrs and Mr L's policy didn't start until 28 July 2019. As the accident and medical advice that caused the cancellation of the trip was before that date there was no cover for cancellation of the trip and AWP could decline the claim on that basis.

However, I also need to consider what's a fair and reasonable outcome to the complaint in all the circumstances. So I've thought about what AWP should have reasonably done when Mr L told it about the claim on 19 July 2019, and if it acted unreasonably whether it disadvantaged Mrs and Mr L.

I've listened to the 19 July call. Mr L gave AWP the policy number. He told AWP he was at the hospital with his daughter who'd badly broken her arm. He said they'd told the hospital they were 'due to fly a week on Sunday' to a named long haul destination and had been medically advised she couldn't travel so he 'needed a bit of a steer' what AWP needed for a claim. AWP confirmed he'd like to make a claim and asked if any of the family was going. Mr L said 'we can't go without her really'. AWP said it would send a claim form as it wouldn't expect him to go without his daughter. It went through what documents Mr L would need to submit with his claim. Mr L said he'd need to cancel the flights and other parts of the holiday. AWP said it was going to check the excess that applied and asked if Mr L had looked at the policy, to which he replied 'not yet'. AWP then looked at the policy information, gave Mr L details about the excess and gave the claim reference.

Mr L told AWP he'd like advice about making a cancellation claim. He'd given it his policy number, he'd told AWP when they were due to travel. I think it would have been reasonable in this call for AWP to have checked whether the policy cover had started. AWP has said it's not usual practice to make a claim decision at the first notification of a claim. I accept that generally it's not possible for a claim decision to be made at that point as generally AWP wouldn't have all the information it would need to assess the claim. But in this case the only issue was whether the cover was already in force for an annual multi trip policy. During the

call AWP went as far as to call up the policy details and check the excess under the policy. I think it would have been reasonable for AWP to have checked the simple but key information about the policy start date. If it had it would have seen the policy cover hadn't started and told Mr L in that call.

Our investigator said because of Mr L's profession it's reasonable to expect he'd have a greater appreciation of the need to read and understand the policy documents, which would have showed the policy start date. But I've no evidence that Mr L is an expert in insurance matters and I think AWP is the expert here. Mr L was at the hospital and told AWP he hadn't looked at the policy document yet. AWP said nothing in the call to prompt him to check the policy start date after the call finished. I think in the call AWP gave Mr L the strong impression that the claim would be covered subject to it getting the supporting documents it detailed.

I think AWP did disadvantage Mrs and Mr L by not telling Mr L in the call that there was no policy cover due to the policy not having started and by giving the impression there was cover. In addition AWP reinforced their understanding they were covered by asking for further information about the claim in early September 2020. From AWP's notes it seems it only realised there was no cover due to the policy start date just before it declined the claim.

It's clear from what Mr L told AWP that they hadn't cancelled the holiday before the call. Mrs and Mr L say if they'd known there was no cover, they would have tried to arrange for the holiday to be rescheduled or amend the booking for Mr L's brother's family to go instead. It's not clear if either of those options would have been possible, but due to AWP's actions Mrs and Mr L weren't given the opportunity to find out. I don't think they reasonably needed to make those enquiries as they reasonably understood the claim would be covered. Even if they couldn't have made those alternative arrangements Mrs and Mr L have been consistent and persuasive that they would never have incurred the cost of an alternative holiday if they'd known the claim was going to be declined, and I accept what they say about that.

In these particular circumstances I think the fair and reasonable outcome is for AWP to assess the claim as if the cancellation cover was in force, subject to the remaining policy terms, conditions and limits. AWP should pay Mrs and Mr L compensation at the amount it would have paid for the claim if the cancellation cover had started, less the excesses.

In addition, AWP should pay Mrs and Mr L £100 to reflect the distress and inconvenience due to how AWP handled the claim. Mrs and Mr L say the £100 isn't enough to reflect the distress of AWP not paying the claim. But this element of the compensation isn't for loss of expectation and I've said that AWP should pay compensation at the amount it would have paid for the claim if the cancellation cover had started'.

### **Responses to my provisional decision**

Mrs and Mr L accepted my provisional decision. AWP didn't respond.

### **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.

As Mrs and Mr L accepted my provisional decision and AWP didn't respond I've no reason to change my mind. For the reasons I've given in my provisional findings and these findings I think AWP unfairly declined the claim and gave unreasonable service. I uphold this complaint. AWP must put things right as I've detailed below.

### **Putting things right**

AWP must assess the claim as if the cancellation cover was in force, subject to the remaining policy terms, conditions and limits. It should pay Mrs and Mr L compensation at the amount it would have paid for the claim if the cancellation cover had started, less the excesses. It should also pay Mrs and Mr L £100 to reflect their distress and inconvenience it caused.

### **My final decision**

I uphold the complaint and require AWP P&C SA to:

- assess the claim as if the cancellation cover was in force, subject to the remaining policy terms, conditions and limits. It should pay Mrs and Mr L compensation at the amount it would have paid for the claim if the cancellation cover had started, less the excesses, and
- pay Mrs and Mr L £100 to reflect their distress and inconvenience it caused.

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

Nicola Sisk  
**Ombudsman**