

The complaint

Miss L complains that AWP P&C SA has turned down a claim she made on a travel insurance policy.

What happened

On 2 January 2020, Miss L took out a single travel insurance policy through a broker, to cover a backpacking trip she'd planned to take between 6 January and 3 March 2020. Miss L travelled abroad as planned. She travelled to a country I'll call V. She was due to fly on to a country I'll call C on 18 February 2020, before returning to the UK.

However, on 28 January 2020, as a result of the spread of Covid-19, the Foreign, Commonwealth & Development Office (FCDO) advised against all but essential travel to C. Miss L tried to contact AWP to ask for guidance but didn't receive a response. So on 15 February 2020, she re-routed her trip. She travelled on to a country I'll call B and then flew back to the UK from B on 2 March 2020 – ending her journey one day earlier than planned. She made a claim for the unused costs associated with the rearrangement of her trip.

AWP turned down the claim. It said the policy provided cover for changes if the FCDO advised against travel to an area a policyholder was travelling to, but only if the restrictions were announced within seven days of a policyholder's travel date. In this case, the FCDO had advised against travelling to C three weeks before Miss L was due to fly there. So AWP said the claim wasn't covered.

Miss L was unhappy with AWP's decision and she asked us to look into her complaint.

Our investigator thought the complaint should be upheld. He didn't think the policy wording made it clear that any FCDO advice needed to come into force in the seven days before a policyholder's departure in order for a claim to be covered. So he felt it would be fair for AWP to accept the claim. He noted that the policy included a clause excluding claims relating to epidemics and pandemics. But the World Health Organisation hadn't declared Covid-19 to be a pandemic until 11 March 2020. So he didn't think this exclusion applied to the circumstances of Miss L's claim. He recommended that AWP should settle Miss L's claim for her unused flight costs, together with interest.

I issued a provisional decision on 22 February 2022. In my provisional decision, I explained the reasons why I didn't think it was fair for AWP to turn down Miss L's claim. I said:

'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 of Miss L's policy and the circumstances of the claim to decide whether AWP handled the claim fairly.'

I've first turned to consider the policy terms as these form the basis of Miss L's contract with AWP. As Miss L's trip had to be re-routed due to the FCDO advising against all but essential travel to C, I think it was appropriate for AWP to consider the claim under the 'Government Travel Restrictions' – Section 16 of the policy. This says:

'We will pay up to £1,000 in total, for your part of unused;

- personal accommodation;*
- transport charges;*
- pre-booked tours;*
- other travel expenses (including cancellation fees, visas and (travel provider) Multiflex Pass);*
- fees for any short term pre-booked vocational courses...*

all of which have been paid for or where there is a contract to pay that cannot be recovered from anywhere else. We will provide this cover if the Foreign and Commonwealth Office or any government or other official authority advise against travel to a country/region shown on your travel itinerary within seven days of your scheduled;

- departure from your home country and the area forms a major part of your journey.*
- date of visiting that area, if you are already travelling.'*

In this case, there's no dispute that Miss L decided against travelling to C on 18 February 2020 as planned because the FCDO had advised against all but essential travel to that destination on 28 January 2020. AWP effectively says that for Miss L to be covered under this section, FCDO advice against travel to C would've needed to be given no earlier than 11 February 2020. 11 February 2020 was seven days before she was due to travel from V on to C.

On a strict interpretation of the policy terms then, given there was a three-week period between the change in FCDO advice and Miss L's planned date of travel to C, her claim isn't strictly covered. However, I don't think this leads to a fair and reasonable outcome for the reasons I'll go on to explore.

While it may not be unusual for travel insurers to apply time limits such as this to the cover offered (and an insurer is entitled to limit its exposure to risk in this way), I think the seven day time limit set out under this section of Miss L's policy is a significant restriction on cover. This is because a successful claim under this section of the policy would be dependent on the date of the claim falling within what I think is a very narrow window of seven days.

As I think this time limit is a significant restriction on Miss L's policy, I think it should have been clearly highlighted to her both in her policy documentation and at the point of sale.

Neither the IPID, nor the 'Summary of Cover' set out on page 2 of Miss L's policy booklet refers to the seven-day time limit restriction for a successful claim set out under Section 16. I understand the IPID states that the document contains only a summary of the main cover and exclusions and refers the customer to the full policy terms and conditions. But a customer would need to go much further into the detail of their policy wording (to page 17) to understand that they could only claim for government travel restrictions if their planned travel was within a particular, narrow seven-day window. I don't think it's fair or reasonable to expect customers to be required to read the terms and conditions thoroughly from beginning to end in order to understand important issues regarding what is and isn't covered, and I think a customer would be entitled to expect a restriction like this to be more prominent (for example, to be in the IPID).

Although the FCDO advice changed more than seven days before Miss L was due to travel, I don't think this has unfairly disadvantaged AWP's position. I say that because the FCDO advice against travel to C was still in place at the time Miss L was due to travel to it. Miss L's original trip hadn't been booked as part of a package. She'd booked the flights

independently. The available evidence suggests that her pre-booked flights did go ahead as planned. So it seems unlikely that Miss L would be entitled to any refund of her flight costs from the airlines under EU regulations because the airlines didn't cancel the flights. So I don't think she could have recovered any costs from any third party. And I'm not persuaded that just because Miss L had three weeks' notice of the change in FCDO advice before she was due to travel, she could've done anything more to reduce her losses.

Miss L's claim has the same components of a claim which AWP would have paid if the trip dates had been changed three weeks earlier. So even if I thought AWP could reasonably rely on the seven-day time limit restriction, I'd be minded to direct AWP to reassess Miss L's claim on a fair and reasonable basis regardless.

AWP suggested to Miss L that she contact the travel provider which was named on her policy. Miss L didn't book her trip through this company though – her flights were booked independently through comparison websites and domestic airlines. So it seems unlikely that she'd have had any access to specialist backpacker travel advice or that she'd have been able to re-route her trip at any less cost than she actually did.

I note too that the policy specifically excludes any claims if a policyholder travels against FCDO advice. So if she had travelled to C on 18 February 2020, Miss L would've been acting against FCDO advice and therefore, wouldn't have been entitled to any cover under the policy at all. It seems to me that this would've been an unfair position for Miss L to be left in. And it seems she took reasonable steps to follow FCDO advice and mitigate her potential losses.

On this basis, I currently find it would be fair and reasonable for AWP to assess Miss L's claim under the government restriction cover provided by the policy.

I accept the policy specifically excludes claims which are caused by an epidemic or pandemic. But the World Health Organisation didn't deem Covid-19 to be a pandemic until 11 March 2020 – over three weeks after Miss L rerouted her trip. So I don't think it would be fair for AWP to apply this exclusion to Miss L's claim on the facts of this case.'

I asked both parties to send me any further evidence or comments they wanted me to consider.

Miss L had nothing more to add.

AWP didn't respond by the deadline I gave, despite chases from our investigator.

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 Miss L accepted my provisional decision and AWP didn't respond to it, I see no reason to change my provisional findings.

So my final decision is the same as my provisional decision and for the same reasons.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that I uphold Miss L's complaint.

I direct AWP P&C SA to reassess Miss L's claim under the government restriction section of the policy, in line with the remaining terms and conditions of the policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 17 May 2022.

Lisa Barham
Ombudsman