

The complaint

Ms T, Miss W and Mr W make a complaint that Union Reiseversicherung AG haven't paid a claim they made on their travel insurance policy.

What happened

Mr W, Ms T and Miss W were due to go on holiday on 26 March 2020. Mr W has made a complaint on behalf of his family and so I'll mainly refer to him in my decision.

On 11 March 2020 the World Health Organisation (WHO) declared Covid-19 to be a global pandemic and on 17 March 2020 the Foreign and Commonwealth Development Office (FCDO) advised against all but essential travel abroad. The following day their holiday was cancelled. Mr W claimed on his travel insurance policy for the costs he was unable to recover from the travel provider. URV declined the claim on the basis that there was no cover under the policy for cancellation due to Covid-19. Unhappy, Mr W complained to our service.

Our investigator looked into what happened and upheld the complaint. She didn't think that URV had made it sufficiently clear in the policy documents that there would be no cover if the FCDO advised against all but essential travel, but also no cover for cancellation. She thought that if this had been made clear Mr W was likely to have taken out a different policy.

URV didn't agree and asked an ombudsman to review the complaint. They said that the policy terms were clear. So, I need to make a decision.

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.

I'm satisfied that our investigator identified, and set out, the relevant industry rules and guidance which apply to the specific circumstances of this case. The investigator also highlighted, and referred to, the key documents which are relevant to this complaint.

The policy documentation

The Insurance Product Information Document ('IPID') summarises the cover available. On page one it says:

Unless agreed with us there will be no cover if the FCO advise against travel to your destination.

The policy terms and conditions say, on page nine:

What is covered:

We will indemnify you up to the amount stated in the schedule of cover for:

(a) unused charges associated with your trip that are non refundable and which were incurred before your departure date if you have to cancel your trip, or

(b) the extra cost of a one way airfare of a standard no greater than the class of journey on the outward journey or the applicable fee charged by the airline to change your scheduled return date, and the unused non-refundable prepaid accommodation costs and other land arrangements following curtailment of your trip as a result of any of the circumstances below:

1. Your death, accidental bodily injury or illness, or that of a close relative or a friend with whom you have arranged to travel or stay, or of a close business associate.
2. You or any person with whom you have arranged to travel or stay being subject to compulsory quarantine or being summoned for Jury Service as a witness in a Court of Law or for Military Service during the period of insurance.
3. Your redundancy...
4. Your private dwelling becoming uninhabitable following fire, storm or flood, or your presence being required by the police following burglary...
5. Cancellation or interruption of scheduled public transport consequent upon hijack occurring during the period of the trip...'

And there is a general exclusion for:

Any claims arising directly or indirectly from You travelling against British Foreign and Commonwealth Office advice or where it is deemed unsafe for You to travel.

Was it unreasonable for URV to decline the claim?

I think it's fair and reasonable for URV to treat the claim as covered under the cancellation section of the policy because:

- Mr W cancelled the trip because the FCDO advised against all but essential travel to the destination they were due to travel to. That's not something that is covered under the terms and conditions of the policy as it's not a specific or listed insured event. However, taking into account the relevant law and industry guidelines, I don't think that leads to a fair and reasonable outcome in the circumstances of this case for the reasons I'll go on to explain.
- The exclusions that I've outlined above mean that if Mr W had travelled abroad he'd have not followed FCDO advice. So, they wouldn't have been covered by the policy terms and conditions. But, under the terms and conditions of the policy, changes in FCDO guidance also aren't covered by the policy. I don't think that was made sufficiently clear to Mr W.
- Mr W would have needed to read the full policy terms and conditions in order to understand that this set of circumstances wasn't covered. And, I don't think that this information was brought to his attention in a prominent and transparent way. So, I don't think the combined effect of the policy terms was made sufficiently clear.
- I think this has created a significant imbalance in the rights and interests of Mr W and

URV. I think it's unlikely that Mr W would have purchased the policy if he had realised that there was no cover under the policy if the FCDO guidance changed after he'd bought the policy. I think it's more likely he'd have chosen to take out an alternative policy which offered cover for changes in FCDO advice and that such policies were commonly available at the time this policy was purchased.

Putting things right

I'm directing URV to treat the claim as covered under the cancellation section of the policy. URV should therefore assess the claim under the remaining terms and conditions of the policy.

My final decision

I'm upholding Ms T, Miss W and Mr W's complaint against Union Reiseversicherung AG and direct them to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T, Miss W and Mr W to accept or reject my decision before 26 April 2022.

Anna Wilshaw
Ombudsman