

The complaint

Miss R complains that AWP Assistance UK Ltd mis-sold her a travel insurance policy.

What happened

On 13 February 2020, Miss R took out an annual travel insurance policy through AWP, which was underwritten by an insurer I'll call W. She says that she took out the policy by phone and that during the call, she was told that the policy would cover claims caused by Covid-19. She'd booked flights abroad and was due to travel in August 2020.

Subsequently, on 11 March 2020, the World Health Organisation declared Covid-19 to be a pandemic. Miss R hadn't received her policy documentation from AWP, so on 13 March 2020, she chased this up. As she still hadn't received it by 16 March 2020, she chased the information again. On 17 March 2020, the Foreign, Commonwealth & Development Office (FCDO) advised UK nationals against all but essential travel abroad. And on 23 March 2020, AWP sent Miss R's policy paperwork.

Ultimately, as a result of the Covid-19 pandemic, Miss R's airline cancelled her flights. She tried to recover her flights costs from the airline, but although it told her she would get a refund, it had gone into administration. Miss R made a claim on her travel insurance policy for her flight costs. However, W turned down the claim because it said it didn't cover cancellation which was down to changes in FCDO advice or the Covid-19 pandemic.

Miss R was unhappy with the way AWP had sold her policy and felt that she'd been misled about the cover she'd been provided with.

AWP said it couldn't confirm what had been said to Miss R when she took out the policy. But it apologised if Miss R had been given any mis-information. It offered to refund Miss R's policy premium to resolve the complaint.

Miss R remained unhappy with AWP's offer and so she asked us to look into her complaint.

Our investigator asked AWP to provide us with its file to allow her to fully assess Miss R's complaint. However, this wasn't forthcoming. Based on the evidence Miss R had provided though, the investigator recommended that the complaint should be upheld. She found Miss R's testimony persuasive. She explained that AWP had a duty to provide clear, fair and not misleading information to Miss R when it sold her the policy. In this case, Miss R had provided evidence that AWP hadn't sent her policy paperwork until over a month after she'd taken out the policy. This meant she hadn't been able to check the cover and learn that the policy didn't cover cancellation due to changes in FCDO advice until *after* the World Health Organisation had declared Covid-19 to be a pandemic. So she thought this meant Miss R had been left in a position where she couldn't obtain alternative cover.

And our investigator was satisfied that Miss R had demonstrated that her airfare had become an irrecoverable loss. She concluded that the fair outcome in this case would be for AWP to pay Miss R compensation equivalent to the cost of her flights.

AWP didn't respond to our investigator's assessment and so the complaint's been passed 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 don't think AWP has treated Miss R fairly and I'll explain why.

There's no evidence to suggest that AWP advised Miss R to take out the travel insurance policy. This means it didn't need to check it was suitable for her. But it did need to give her enough clear, fair and not misleading information so that she could make an informed choice about whether or not it was right for her.

Miss R says that AWP's sales agent told her that claims caused by Covid-19 would be covered. Despite us asking for a copy of the sales call and for AWP's file of evidence, it hasn't sent us any information. Miss R, on the other hand, has provided us with a clear and consistent recollection about what was discussed. And in the absence of any evidence to the contrary, I find her testimony plausible and persuasive. What's clear from W's contract terms is that cancellation claims which were caused by Covid-19 or changes in FCDO advice weren't covered by the policy terms. So if I accept that AWP's sales agent *did* tell Miss R that Covid-19 related claims would be covered, it follows that I must conclude she was given misleading information.

Even if I'm wrong on this point though, I still find that AWP didn't meet its regulatory obligations. Insurance Conduct of Business rule 6.1.5 says that a firm must ensure that a customer is given appropriate information in good time and in a comprehensible form, so that they can make an informed choice about the proposed arrangements. As the broker which arranged Miss R's policy, AWP was responsible for sending Miss R the policy documentation – in good time and so that she could decide if the policy was right for her.

I've seen copies of emails Miss R sent to AWP after the policy sale had completed. The first of these was dated 13 March 2020. Miss R said that she'd yet to *'receive an email of (her) insurance policy that she bought on 13 February 2020.'* She asked AWP to send her a confirmation and the policy. AWP responded on the same day to apologise and to say it would send the information as soon as possible.

On 16 March 2020, Miss R chased AWP again, as she hadn't received the information. AWP replied on 17 March 2020 to say it had sent her itinerary and confirmation that day. I've seen an email though which shows AWP didn't send Miss R the policy paperwork until 23 March 2020. It wasn't until the policy documentation had been sent that Miss R was given a chance to check the level of cover she held and whether it matched what she'd been told about the policy.

It's clear then that over a month passed after the sale before AWP sent Miss R information about the policy. By the time Miss R chased the paperwork, Covid-19 had already been declared a pandemic. Consequently, by that point, Miss R most likely wouldn't have been able to find a policy which covered changes to FCDO advice or which were down to Covid-19. However, had AWP sent the documents promptly, in line with its regulatory obligations, I think it's most likely that Miss R would still have been able to find products on the market which did cover changes to FCDO advice. So I think she'd likely have opted to cancel the AWP policy and take out a new policy which provided the cover she wanted. Had she been able to do so, I think it's most likely Miss R's claim would've been covered. Instead, she was left with a policy which didn't cover her situation and in a position where she didn't get the

information she needed to make an informed choice until after Covid-19 had been declared as a pandemic.

On this basis then, I find that AWP did fail to provide Miss R with enough clear, fair and not misleading information to allow her to make an informed choice about whether or not to take out the policy. So I don't think it sold her the policy fairly.

AWP has already offered Miss R a refund of premium. In some cases, I may find that this is fair compensation for the mis-sale of a policy. But that's not the case here. I say that because, as I've explained, if the sale been carried out fairly, I think Miss R would've been able to find a policy which would've covered her claim. So I think Miss R has suffered a demonstrable financial loss as a result of AWP's failings in the form of her flight costs.

As the investigator explained, W would only have covered a policyholder's irrecoverable losses. And generally, EU regulations state that an airline is responsible for refunding the costs of a flight it cancels. So usually, I'd expect the airline to refund Miss R's costs. In this case though, Miss R's airline was placed in administration. She's sent evidence of regular refund requests and chases she's sent the airline and despite having been told for over two years that her costs will be refunded, no refund has been paid. And the industry regulator has told Miss R that it's unable to help her and closed its case. So on the facts of this case, I agree that Miss R's financial loss has become irrecoverable and would likely have been paid by an insurer had she been properly informed and had she been able to take out the cover she wanted.

This means I think the fair outcome here is for AWP to pay Miss R compensation to the value of her claim for her flight costs – a total of £876.85. However, I don't find that AWP also needs to refund Miss R's premium as well as pay compensation.

My final decision

For the reasons I've given above, my final decision is that I uphold this complaint.

I direct AWP Assistance UK Ltd to pay Miss R £876.85 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 8 August 2022.

Lisa Barham
Ombudsman