

The complaint

Mr N complains that AWP P&C SA (AWP) declined his travel insurance claim and about the relevant policy limit. My references to AWP include its agents. Mr N is represented by his mother in this complaint but for ease of reference I'll just refer to Mr N .

What happened

On 14 February 2020 Mr N booked a ski instructor course to take place in a country I'll refer to as A. In October 2019 Mr N had taken out a STA Travel Insurance policy, premier plus option, insured by AWP, to cover him while travelling.

The course began on 8 March 2020 as planned. However, on 11 March 2020 the World Health Organisation (WHO) declared Covid-19 to be a pandemic. On 12 March 2020 the regional government where Mr N was staying in A announced closure of the ski slopes and all accommodation due to Covid-19, to take effect on 16 March 2020. On 14 March 2020 Mr N's course was cancelled due to the Covid-19 restrictions so he returned to the UK. He claimed on the policy for his cut short (curtailed) trip.

AWP declined the claim as it said there was no cover under the policy for the circumstances of the curtailment.

Mr N complained to AWP but it said it couldn't respond within the required timescale so he complained to us. He says AWP unfairly declined the claim. He also believes the policy was mis-sold as it was sold specifically to people travelling to Europe to train as ski instructors but the policy only covered £1,000 of course fees when the course fees were much more expensive. Mr N wants AWP to pay the full cost he claimed.

Our investigator said AWP had unfairly declined the claim. He recommended AWP pay the claim, plus interest, taking into consideration the excesses and policy limits as AWP could fairly apply the £1,000 policy limit. He explained that the policy wasn't sold by the insurer so we couldn't consider the mis-sale complaint against the insurer.

AWP didn't respond to our investigator's recommendation by the date we gave to respond so the complaint has 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.

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 Mr N's policy and the circumstances of his claim, in deciding whether AWP has treated him fairly.

AWP didn't respond to our investigator's requests for it to send us its file so we've considered the information, policy and other documents that Mr N has provided to us. I think we can fairly do so as we've given AWP reasonable opportunity to provide its file.

AWP didn't issue a full final response for this complaint, but I've seen its claim decline letter that gave the reasons for the decline. AWP said that the claim wasn't covered by the policy terms in the cancellation and curtailment section, and I think that's right. That section of the policy says AWP will pay up to £10,000 for the unused part of Mr N's irrecoverable specified costs (which includes ski instructor course fees) if the curtailment is due to one of the insured events that are listed in that section of the policy. I think AWP fairly said the circumstances of Mr N's curtailment weren't covered by that section of the policy.

AWP's letter also said it considered the claim under the government travel regulations section and Mr N's claim wasn't covered as he was already in A when on 17 March 2020 the Foreign, Commonwealth & Development Office (FCDO) advised against all but essential travel abroad. But I think that on a fair and reasonable basis there is cover for Mr N's claim under that section and I'll explain why.

The government travel restriction section of the policy 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 STA Multiflex Pass);*
- fees for any short term pre-booked vocational courses, for example...or ski instructor 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'.*

This section says there's cover if 'any government or other official authority' advice is given within seven days of Mr N leaving the UK and the area forms a major part of his journey or the scheduled date of visiting that area if already travelling. It's not just limited to the advice from the FCDO. I've seen evidence that the regional government for the relevant area of A where Mr N was announced the closure of all ski resorts and accommodation on 12 March 2020, to take effect on 16 March 2020. I understand Mr N arrived there on or about 8 March

2020 so the regional government advice was within seven days of the day of scheduled departure from his home country and/or date of him going to that area.

The regional government restriction didn't specifically advise against travel to the region so on a strict interpretation of the policy terms there's no cover. However, I can step outside the strict policy terms to consider what's fair and reasonable. I think that as the regional government was restricting movement and closing the ski resorts and accommodation it was in effect telling people not to go to or stay in the area. So I think on a fair and reasonable basis the circumstances of Mr N's claim are covered by this policy section.

The policy does have a general exclusion for claims arising from a pandemic. However, I've seen an email from AWP that was sent to Mr N when originally declining the claim which says as he travelled before 13 March 2020 AWP wouldn't be applying that exclusion to this claim.

For the above reasons I find that AWP should pay Mr N's claim as covered under the government travel restriction section of the policy.

That policy section does have a £1,000 limit. Mr N has said the policy isn't 'fit for purpose' as his course fees were much more. So I've considered whether AWP can fairly rely on the policy limit.

AWP can decide what policy limits it want to put on different types of cover in the policy but it needs to make that information clear to a consumer. I think the £1,000 limit for the cover under the government travel restriction section is clearly set out on page two of the policy document under the heading 'Summary of cover'. The policy summary document also clearly sets out the different limits of cover showing the premier plus has a £1,000 limit for the government travel restriction section.

It's also fair to say that if Mr N's course had been curtailed for one of the insured reasons detailed in the cancellation and curtailment section of the policy, which it wasn't, then the policy limit for that section is £10,000. So depending on the claim circumstances there would sometimes be full cover for the more expensive course costs.

I appreciate Mr N couldn't have known that a claim would need to be made under the government travel restriction section, but I think AWP can fairly apply the £1,000 limit to claims covered under that section.

I understand that Mr N also thinks the policy was mis-sold as he says he wasn't made aware of the levels of cover before he bought the policy. Our investigator correctly explained that the insurer isn't responsible for the sale of the policy and we've set up a separate mis-sale complaint against the business that sold the policy to consider.

Putting things right

AWP must pay Mr N's claim under the government travel restriction section of the policy subject to the relevant policy limits and excesses, plus interest as I've detailed below.

My final decision

I uphold this complaint.

I require AWP P&C SA to pay Mr N's claim under the government travel restriction section of the policy subject to the relevant policy limits and excesses. Interest* must be added at 8% simple a year from the date of the claim until the date of settlement.

*If AWP P&C SA considers that it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mr N how much it's taken off. It should also give Mr N a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 17 June 2022.

Nicola Sisk
Ombudsman