

The complaint

Mr and Mrs T complain about the way Astrenska Insurance Limited has handled their travel insurance claim.

Any reference to Astrenska also includes its agents.

What happened

Mr and Mrs T booked to travel abroad on holiday, departing on 11 March 2020, with a return date of 26 March 2020. On 1 March 2020 they purchased an annual multi trip policy which was underwritten by Astrenska.

Mr T currently works for the UK Armed forces and is posted to a consulate outside of the UK, in a country I'll refer to as 'S'. Not long after their arrival at their holiday destination, Mr and Mrs T found out that S was going to shut its borders – this was due to the developing situation that was occurring due to Covid-19. Mr and Mrs T booked flights back to S on 15 March 2020. This flight was subsequently cancelled whilst Mr and Mrs T were waiting to depart at the airport as S stopped all international flights entering the country.

As a result, Mr and Mrs T bought tickets on the next available flight - which was to the UK. They remained in the UK in transit accommodation until June 2020, when they were able to board a government repatriation flight to S.

Mr and Mrs T made a claim to Astrenska for the additional travel and accommodation expenses they had incurred.

Astrenksa declined their claim. It said there wasn't any coverage under the curtailment section of the policy for claims as a result of a pandemic or epidemic. Unhappy with this response Mr and Mrs T made a complaint. Astrenska looked at the complaint and reiterated that there wasn't cover under the curtailment section of the policy. But it also said that cover was only available for residents of the UK and, as Mr and Mrs T didn't reside in the UK, they wouldn't be eligible to claim. Astrenska did accept that there had been delays in their claims handling and offered £75 for the poor service.

Mr and Mrs T disagreed with this outcome and said they had discussed their residency with someone when they took out the policy and had been advised this would not be an issue. Astrenska said they couldn't locate any calls but as Mr T was working for the consulate in S, it would consider him as being resident on British soil – and therefore eligible for the cover. It said it would consider the claim under the Catastrophe section, which provides cover for accommodation and transport costs if you have to move from your pre-booked accommodation due to a medical epidemic. However, it said it would only accept the claim for the flights to the UK as this would be considered British soil.

Unhappy with this outcome, Mr and Mrs T brought their complaint to this service. Our investigator looked into the matter but didn't uphold the complaint. She found that there wasn't any cover under the curtailment section of the policy. And in relation to the cover under the Catastrophe section, she said there didn't appear to be any confirmation that Mr

and Mrs T were unable to remain in their booked accommodation. And as there wasn't evidence to show that Mr and Mrs T had done everything to mitigate their losses, she thought it was reasonable that Astrenska only paid for the flights to the UK.

As no agreement could be reached, the matter was passed to me to decide.

On 21 April 2022 I issued my provisional decision. In it I said the following:

"The relevant rules and industry guidelines say that insurers must handle claims fairly and promptly and shouldn't unreasonably reject a claim. I've taken these rules into account when deciding what I think is fair and reasonable in the circumstances of Mr and Mrs T's complaint.

The policy terms and conditions

The curtailment section of the policy provides the following cover:

"SECTION 2: Curtailment

*The **medical emergency service** must be contacted immediately in the event of a serious injury, illness or hospitalisation, where repatriation to your **country of residence** has to be considered.*

YOU ARE COVERED

*Up to the amount shown in the **policy documentation** for:*

1. *the unused portion of your travel and/or accommodation arrangements which were paid for before your departure from your **country of residence** (including ski hire, ski school and lift passes, which do not have to be paid for before your departure from your **country of residence**, in respect of winter sports trips where the appropriate premium has been paid), if you have to **curtail** your trip due to:*

a. the death, severe injury or serious illness of:

i. you; or

*ii. an **immediate relative** of yours, resident in your **country of residency**, or*

*iii. a **travelling companion**; or*

*iv. a **close business associate** of yours; or*

*b. **complications of pregnancy** of you or a **travelling companion**; or*

*c. your **home** being made uninhabitable or place of business being made unusable due to fire, lightning, explosion, earthquake, subsidence, storm, flood, falling trees, riot or civil commotion, malicious damage, burst pipes, impact by aircraft, the police requesting your presence following burglary or attempted burglary at your **home** or place of business; or*

*d. you being unable to continue your trip, as detailed in your travel itinerary, due to loss or theft of your passport, or that of a **travelling companion**; or*

*e. you or a **travelling companion** being a member of the Armed Forces, Police, Fire, Nursing or Ambulance Services and you have to return to your **country of residence** because your leave is unexpectedly withdrawn.*

*These proportionate values will be calculated from the date of return to your **country of residence** and/or for the period you are hospitalised as an in-patient abroad.*

- 2. reasonable additional travelling expenses incurred by you for returning to the **country of residence** (on the same basis as your original booking) earlier than planned (for a reason stated in YOU ARE COVERED 1 of this section)."*

Mr and Mrs T cut short their trip at their holiday destination due to the imminent closure of the borders of S, the country in which they reside. The reason for the borders closing was the developing situation relating to the Covid-19 pandemic. The curtailment section detailed above does not include cover for cutting short a trip due to this reason and therefore I'm satisfied that Mr and Mrs T's claim is not covered under this section.

I'm aware that Mr T works for the armed forces and he has said that, as a result of this situation, his leave was effectively withdrawn – which is a covered reason for claiming under this section. Whilst I appreciate his viewpoint, I haven't seen any evidence that Mr T was specifically told to cut short his holiday by his commanding officer or that his leave was withdrawn, so I'm not of the opinion that his claim would fall under this section.

The policy also includes another section, titled 'Section 7: Catastrophe', which provides cover for additional expenses. This section states the following:

“YOU ARE COVERED

We will pay up to the limit shown in the summary of cover for extra accommodation and transport costs, if during your trip you are forced to move from your pre-booked accommodation as a result of fire, flood, earthquake, avalanche, storm, or medical epidemic.

YOU ARE NOT COVERED

- 1. For claim where the local or national authorities confirm that it is safe to travel to or stay in the area.*
- 2. For cost or expense payable by or recoverable from the tour operator, airline, hotel or other provider of services.*
- 3. For claim not supported by official written confirmation that you were unable to stay in your booked accommodation.*
- 4. For circumstances already known at the date you bought your policy or booked your trip (whichever is later)."*

Astrenska has considered Mr and Mrs T's claim under this section. It has paid for the cost of the flights they incurred to leave their holiday destination to travel to the UK but refused to provide cover for the other expenses incurred. Astrenska said that cover ended once they were on British soil and so the expenses for accommodation and ongoing travel to reach S are not covered.

Was the claim handled fairly?

Astrenska has agreed to consider the claim under the Catastrophe section of the policy and has made a payment for some of the expenses Mr and Mrs T incurred. I'm aware that Astrenska has referred to the coverage under this section as being if you are forced to leave your pre-booked accommodation – it has said that it isn't clear if Mr and Mrs T could have remained in the holiday accommodation and got a later flight to S at some point. However, as it has paid some of the expenses under this section, it would appear to me that Astrenska

has accepted that there is a valid claim under the terms. So, I don't think it would be reasonable to now ask Mr and Mrs T to provide evidence to show that they were unable to stay at their holiday destination in order for the remainder of their claim to be considered.

One of the main reasons raised by Astrenska for only paying for the flights to the UK is that the policy is for UK residents. As Mr T was working for the British consulate in S, Astrenska consider this as British soil and therefore said Mr and Mrs T would be covered by the policy for travel from their home. However, it said that, as Mr and Mrs T had decided to travel to the UK, instead of their home in S, they were on British soil at that point and so the cover under the policy ended.

I've thought about this point very carefully. I can see that the policy wording states that cover is provided for trips that start in your country of residence. And country of residence is defined as '*The United Kingdom, Channel Islands or the Isle of Man*'. From this it would appear that Mr and Mrs T are not, under a strict interpretation of the policy terms and conditions, covered for their trip which started in S.

However, Astrenska has stated that it agreed to provide cover to Mr and Mrs T on the basis that they are considered as being on British soil when in S, as Mr T works for the consulate as a member of the UK Armed Forces. Mr and Mrs T have said they had a conversation with Astrenska when they took out the policy to ensure they would be covered for their travel from S, but I understand the call recording cannot be located. However, on the basis Astrenska has agreed that it does provide cover for those serving abroad, I think it's likely that Mr and Mrs T were told they would be covered when they called.

But I haven't seen anything detailed in the policy wording which shows that Astrenska made it clear that cover under the policy would cease if Mr and Mrs T travelled to any of the areas defined as a country of residence. And Astrenska hasn't provided any evidence to show that it gave supplementary documentation to Mr and Mrs T to explain to them the restrictions on the cover in relation to their country of residence. Without this evidence, I don't think it is reasonable to restrict the cover to Mr and Mrs T's return to the UK only.

Mr and Mrs T's country of residence is S. Therefore, as cover has otherwise been accepted under the Catastrophe section, I'm persuaded that on a fair and reasonable basis, Astrenska should pay for the extra accommodation and transport costs incurred, up to the policy limit of £750 per person under this section for Mr and Mrs T to reach their country of residence. Astrenska has already offered to pay for the flights to the UK and, if this amount has been paid, it can be deducted from any settlement made.

Claims handling

Mr and Mrs T also complained about the lack of contact they received from Astrenska. I've seen that they sent several emails during March 2020 asking for assistance and advice but the majority of these remained unanswered. Mr and Mrs T also tried to call the claims line on numerous occasions, advising that they remained on hold for over 30 minutes each time but on each call they were unable to get connected.

I'm aware that the majority of these calls and emails took place whilst Mr and Mrs T were in the UK and at this point it wasn't clear how or when they would be able to return to their country of residence. I can appreciate how frustrating this must have been for Mr and Mrs T. And I think Astrenska could have handled the situation better by keeping them more informed about their claim.

But I must also bear in mind that Astrenska was dealing with an unprecedented situation at the time and Covid-19 has had a significant impact on the travel insurance industry given the

number of customers whose travel plans were impacted by the disruption to travel. And so, I don't think it's unreasonable that this had some impact on their normal levels of service. Taking that into account, I think the offer of £75 to compensate for the claims handling service is reasonable. I don't require Astrenska to pay anything further."

Both parties confirmed they had received the provisional decision. Astrenska said it disagreed with the decision. It commented that the catastrophe section of the policy provided cover if Mr and Mrs T were forced to move from their accommodation and the necessity of that wasn't clear in this case. Astrenska also made the following points:

- The Catastrophe section does not cover the cost of returning the customer to their home country.
- The customers chose to travel to the United Kingdom, this was not part of their itinerary and they were not forced to travel here. In an e-mail of 12 June 2020, the customer says they followed FCO advice to return to the UK ASAP. On this basis, the customers appear to have decided that the UK is their country of residence and we have paid for these flights as a resolution.

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'd like to thank Astrenska for providing clear commentary on the provisional decision. I've considered the points carefully, however, these don't persuade me to alter my initial outcome. I'll explain why.

Astrenska has raised that the Catastrophe section provides cover if the policy holder is forced to move from their accommodation. And that the need for this hasn't been shown. I appreciate the point but, as explained in the provisional decision, Astrenska has accepted a claim under this section and so it wouldn't be fair to refuse to consider the remainder of the claim on that basis.

I've noted that the section doesn't specifically state it'll provide cover to return Mr and Mrs T to their home country. However, the section covers extra accommodation and transport costs following the move from the pre-booked accommodation. As Mr and Mrs T were incurring extra accommodation and transport costs up until their return to their country of residence, I think it follows that Astrenska should consider these costs up until that point, subject to the relevant limit under the policy.

Finally, I've looked at the email Astrenska has referred to. In this email, Mr and Mrs T make it clear that they were attempting to return to S, their country of residence, but this was not possible. However, due to FCDO advice they, as British citizens, made the decision to return here. I'm not persuaded that this email shows Mr and Mrs T have therefore decided the UK is their country of residence. I think it's more likely that they made the decision to come to the UK as it was a country they were familiar with, and they had connections with, based on Mr T's UK Armed Forces role. I'm not persuaded it would be fair or reasonable to cease cover at this point on the basis that this was UK soil.

Putting things right

Astrenska needs to do the following:

- Pay the cost of additional accommodation costs and transport expenses incurred, up

to the policy limit of £750 per person and less any applicable excess. (If Astrenska has already settled some costs under this section, these can be deducted from any claim.)

My final decision

For the reasons stated above, I uphold this complaint.

Astrenska Insurance Limited must put things right as detailed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T and Mrs T to accept or reject my decision before 8 June 2022.

Jenny Giles
Ombudsman