

The complaint

Mr M complains that AWP P&C SA has turned down a curtailment claim he made on a travel insurance policy.

What happened

In March 2018, Mr M booked a holiday to a country I'll call N. He was due to travel between 15 and 31 March 2020. On 29 October 2019, Mr M took out a 'Campbell Irvine Direct' annual travel insurance policy through a broker.

On 11 March 2020, the World Health Organisation declared Covid-19 to be a pandemic. On 15 March 2020, Mr M travelled to the airport as planned, as there was no Foreign, Commonwealth & Development Office (FCDO) advice against travel to N in place. He was able to take the first leg of his outbound flight. However, later that day, the FCDO did go on to advise against all but essential travel to N.

So Mr M travelled back to the UK on 16 March 2020, from a transit airport, on a flight arranged by his airline at no additional cost. Mr M subsequently made a claim to AWP for the costs associated with cutting short his trip.

AWP turned down Mr M's claim. It said the circumstances of the claim weren't covered by the curtailment section of the policy.

Mr M was unhappy with AWP's decision and his representative asked us to look into this complaint.

Our investigator thought Mr M's complaint should be upheld. He felt the main reason Mr M had cut short his trip was because of the change in FCDO advice. The investigator accepted that the policy didn't cover curtailment due to a change in FCDO advice. But he noted that the policy specifically excluded any cover at all if a policyholder travelled against FCDO advice. This meant Mr M wouldn't have been covered if he'd continued with his journey and he wouldn't be covered if he cut it short. The investigator didn't think the policy terms made the combined effect of these terms clear. And he considered that if Mr M had been aware that he wouldn't be covered if FCDO guidance changed after he travelled, he would've been unlikely to take out the policy. So he felt it would be fair for AWP to assess Mr M's claim in line with the terms and conditions of the policy.

AWP disagreed. It said the 'FCDO exclusion' was common to most travel insurance policies. However, the general exclusions apply to the policy as a whole and have no bearing on the individual circumstances its underwriters are prepared to cover under each section. And it didn't accept the investigator's assertion that the reference to the FCDO exclusion in either the Insurance Product Information Document (IPID) or the policy document was unclear.

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 it was fair for AWP to turn down Mr M's claim. I'll explain why.

The relevant rules and industry guidelines Relevant regulatory rules (the Financial Conduct Authority's ('FCA's') 'Principles for Business') say:

- a firm should pay due regard to the interests of its customers and treat them fairly.

The FCA's 'Insurance: Conduct of Business Sourcebook' ('ICOBS') requires insurers to:

- act honestly, fairly and professionally in accordance with the best interests of its customer;
- handle claims promptly and fairly.

ICOBS 6 also requires insurers to give customers 'appropriate information' about a policy in good time and in a way that is easy to understand. This is so the customer can make an informed decision about the arrangements proposed. 'Appropriate information' includes the information that must be set out in an IPID, which gives customers an 'at a glance' summary of their cover. This includes a summary of the insurance cover, including the main risks insured, the insured sum and, where applicable, the geographical scope and summary of excluded risks.

Relevant regulatory guidance (the FCA's 'The Responsibilities of Providers and Distributors for the Fair Treatment of Customers') says firms should consider the impact of their actions – or inactions – on the customer throughout the lifecycle of the service being provided.

The IPID

At the top of page one, the IPID says:

'This document only provides a basic summary of policy cover. The full terms and conditions of the contract are shown on the policy document, which you should read carefully to ensure you have the cover you need.'

Under the 'What is insured?' section, the IPID says:

'Cancelling or cutting short your journey – Up to £3,000 in total for lost pre-paid travel and accommodation costs.'

Page two includes a section called 'Where am I covered?' This says:

'You will not be covered if you travel to a country or region where the Travel Advice Unit of the British Foreign and Commonwealth Office or the World Health Organisation has advised against travel, unless agreed otherwise with the insurer.'

The policy terms

Page 18 of the policy terms sets out the specific, listed events AWP covers if a policyholder cancels their trip. These are as follows:

1. *'The death, accidental bodily injury, illness, compulsory quarantine on the orders of a treating doctor, redundancy that qualifies for payment under current redundancy legislation, cancellation of leave for British Forces, police or government security staff, summoning to jury service or witness attendance in a court of you or your travelling companion.'*
2. *The death, serious injury or illness of,*
a a close relative, or
b the person with whom you intend to reside at the holiday or journey destination, or
c a dependent business partner; of you or your travelling companion which necessitates the presence of the person concerned.
3. *Hijack.*
4. *Adverse weather conditions making it impossible for you to travel to initial point of departure at commencement of outward journey.*
5. *Major damage or burglary at your home or place of business which at the request of an emergency service requires your presence.'*

The policy also sets out a list of specific things AWP doesn't cover and which apply to the whole policy. This includes the following, on page 14 of the policy, under the heading 'General exclusions':

'10 You travelling to a country, specific area or event to which the Travel Advice unit of the British Foreign and Commonwealth Office or the World Health Organisation has advised against travel, unless agreed by or on behalf of the insurer.'

Was it unreasonable for AWP to turn down the claim?

Mr M curtailed his trip because the FCDO advised against all but essential travel to the destination he was due to travel on to. That's not something that's 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 M had continued with his journey to N (in the event that it was possible for him to do so), he'd have not followed FCDO advice. So, the policy suggests that he wouldn't have been covered by any of the policy terms and conditions. But, under the terms and conditions of the contract, curtailment of a holiday due to changes in FCDO guidance also isn't covered by the policy. I don't think that was made sufficiently clear to Mr M.

Mr M would've needed to read the full policy terms and conditions in order to understand that this set of circumstances wasn't covered. Although I accept that the IPID refers to the FCDO exclusion broadly on page two and is set out in the contract itself, I don't think the totality of the policy documentation made the *combined* effect of the policy terms clear enough to Mr M. And I don't think that this information was brought to his attention in a prominent and transparent way.

I think this has created a significant imbalance in the rights and interests of Mr M and AWP. I think it's unlikely that Mr M would have purchased the policy if he'd realised that there was no cover under the policy if the FCDO guidance changed after he'd bought the policy. And, at the time Mr M bought his policy, he would have been able to find cover elsewhere which *did* cover the circumstances he subsequently found himself in.

I appreciate AWP says the general exclusions apply as a whole as have no bearing on the underwriting of individual sections of the policy. But as I've set out above, while Mr M's reason for cutting short his trip wasn't strictly covered; if he had gone ahead and continued

to fly on to N, it appears to me that he wouldn't have been covered at all by the policy. That's because he'd have travelled against FCDO advice. So, had he travelled abroad and made a claim, I think the exclusion is likely to have applied to the circumstances of it. And AWP has provided no evidence here to suggest that this was not the case.

Overall, I think it would be fair and reasonable in these circumstances for AWP to treat Mr M's claim as covered under the curtailment section of the policy. AWP must therefore assess the claim in line with the remaining terms and conditions of the policy.

My final decision

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

I direct AWP P&C SA to treat Mr M's curtailment claim as covered under the curtailment section of the policy and to reassess the claim in line with the remaining terms and conditions of the contract.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 June 2022.

Lisa Barham
Ombudsman