

## **The complaint**

Miss M complains because AWP P&C SA hasn't paid a claim for a cancelled holiday under her travel insurance policy.

All references to AWP P&C SA include the agents it has appointed to handle claims on its behalf.

## **What happened**

Miss M held a single trip travel insurance policy, provided by AWP P&C SA, and was due to travel abroad in August 2020. On 17 March 2020, the UK's Foreign, Commonwealth & Development Office ('FCDO') first advised against all but essential travel abroad due to the circumstances surrounding Covid-19.

Miss M says she therefore didn't travel. She says she contacted her airline and was told she could change the dates of her upcoming flights if she paid £160 per person to do so. Miss M says she then spoke to AWP, who said – although she could make a claim under her policy due to the change in FCDO advice – the fact that the airline would allow her to change the dates of the flight for a fee meant Miss M's costs were recoverable and she didn't have any loss to claim for.

Unhappy, Miss M complained to AWP. When she didn't receive a response, she brought her complaint to the attention of our service.

One of our investigators looked into what happened and said he thought the cost of Miss M's flights weren't recoverable and, so, AWP should consider the claim. AWP didn't agree with our investigator's opinion, so the complaint has been referred to me.

## **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.

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules into account when deciding what is fair and reasonable in the circumstances of Miss M's complaint.

There's extremely limited information available to me about Miss M's policy. I haven't had sight of the policy terms and conditions and, so, I don't intend to make any finding about whether or not I think the circumstances which led to the cancellation of Miss M's trip are insured under her policy. Instead, I'll be addressing only the issue in dispute – whether I think it's reasonable for AWP to consider Miss M as having recovered her costs from her airline because of the offer she was given to rebook her flights for a different date by paying a fee.

Although I haven't seen a copy of Miss M's contract with AWP, I think it's likely that Miss M's

policy only covers irrecoverable costs (i.e. costs that can't reasonably be recovered from another source such as an airline). I say this because, based on my experience of dealing with complaints of this type, most - if not all - travel insurance policies on the market only provide cover for irrecoverable costs.

Generally, if a consumer is offered a credit voucher to rebook flights or accommodation, I'd usually consider this means the policyholder has recovered their costs and therefore has no outstanding financial loss to claim for under their travel insurance policy. This is subject to the voucher terms as they relate to location, duration and transferability not being unreasonably restrictive and/or any exceptional circumstances which a consumer might have.

But Miss M wasn't offered a credit voucher by her airline. She was offered the option to rebook flights on a later date for the payment of a fee. I don't think this option to rebook is the same as the offer of a credit voucher. The option to rebook would have necessitated Miss M spending money over and above her initial financial outlay which was insured under her policy. Miss M never received a refund for her flights from her airline, as the flights went ahead. So, overall, I'm satisfied that the costs which Miss M is claiming for are irrecoverable.

In any event, even if I were to consider that an offer to rebook for the payment of a fee was, in effect, the same as a credit voucher, I don't think it's fair and reasonable in the circumstances for AWP to consider Miss M's costs as having been recovered from elsewhere. This is because of what Miss M has told both us and AWP about her financial situation.

The fact that the money for Miss M's original flights may have been gifted to her doesn't change my decision. There's no suggestion that the money was a loan which had to be repaid, or that the person(s) who gifted her the money at Christmas have any claim to the proceeds of any potential insurance settlement made to Mrs M. The money was Miss M's to do with as she pleased, and I'm satisfied she has suffered a financial loss.

### **Putting things right**

AWP P&C SA must treat the costs Miss M is claiming for as an irrecoverable loss and assess the claim under the remaining terms and conditions of her policy.

### **My final decision**

My final decision is that I uphold Miss M's complaint and I direct AWP P&C SA to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 23 June 2022.

Leah Nagle  
**Ombudsman**