

The complaint

Mr and Mrs Y complain that Union Reiseversicherung AG (URV) declined their claim against their travel insurance policy. Reference to URV includes its agents.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here in full. In summary, in December 2020, Mr and Mrs Y bought an annual travel insurance policy underwritten by URV. They planned a trip which had a departure date of 16 March 2021 and an intended return date of 30 April 2021.

The airline cancelled Mr and Mrs Y's return flight, rebooked the flight for a later date then cancelled the rebooked flight. I understand that the airline refunded the flight costs. Mr and Mrs Y arranged their own return flight with a different airline, which cost more than their original return flight. They returned home on 4 June 2021.

Mr and Mrs Y made a claim against their policy for the additional cost of the return flight they arranged themselves and additional livery, kennel, and cattery fees. URV declined their claim. Mr and Mrs Y didn't think that was fair and pursued their complaint.

One of our investigators looked at what had happened. He said that Mr and Mrs Y's policy doesn't cover their claim for the cost of the return flight they arranged. The investigator said that Mr and Mrs Y's claim for additional kennel/cattery fees is covered by the policy. He said that whilst Mr and Mrs Y's return flight was cancelled, not delayed, it was fair and reasonable for URV to deal with Mr and Mrs Y's claim for additional kennel fees under this part of the policy.

Mr and Mrs Y accepted the investigator's view but URV didn't. It said that the policy is clear and there's no cover for either the additional flight costs or the additional kennel/cattery fees. It says that in relation to the claim for additional kennel/cattery fees, the policy refers to pre-booked transport. which means transport to an airport, not the flight itself. URV says that, in any event, Mr and Mrs Y's return flight was cancelled, not delayed. URV asked that an ombudsman consider the matter, so it was 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 policy terms and conditions

The starting point is the terms and conditions of the policy, the relevant parts of which say as follows:

“Section 12 – Extended kennel and/or cattery fees

What is covered

We will pay **you** up to the amount shown in the summary of cover [...] for any additional kennel/cattery fees incurred if **your** domestic dog(s)/cat(s) are in a kennel/cattery during **your trip** and **your** return to **your home** has been delayed due to the delayed arrival of pre-booked transport, **your bodily injury**, illness or disease.”

has the claim been declined unfairly?

The relevant rules and industry guidance say that URV has a responsibility to handle claims promptly and fairly and it shouldn't reject a claim unreasonably. I'm upholding Mr and Mrs Y's complaint in part because I don't think that URV treated them fairly and reasonably in declining their claim for additional kennel/cattery fees. I'll explain why I've come to that decision.

- Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it's willing to cover and set these out in the terms and conditions of the policy document. The onus is on the consumer to show that their claim falls under one of the agreed areas of cover within the policy.
- The investigator explained why he didn't uphold the part of Mr and Mrs Y's complaint in relation to URV's refusal of their claim for additional flight costs. I agree with the investigator's analysis. Mr and Mrs Y's trip wasn't cancelled or curtailed, it was extended. The delayed departure and abandonment provisions relate only to Mr and Mrs Y's initial departure, not their return. And the insured events relating to missed departure aren't relevant here. In any event, the original airline offered to rebook the flights. Whilst I understand Mr and Mrs Y's reluctance to rebook with that airline, its offer meant that Mr and Mrs Y could have returned with the original airline.
- Mr and Mrs Y accepted the investigator's view. So, the remaining area of dispute is URV's refusal to settle the part of Mr and Mrs Y's claim for additional livery, kennel, and cattery fees. The relevant policy term, which I've set out above, relates to extended kennel and/or cattery fees for domestic dogs and cats. It doesn't cover livery fees for horses.
- URV says that the policy term I've set out above relates to delayed transport to an airport, not delay of the flight itself. But that's not what the policy term says. The policy doesn't define "*pre-booked transport*". I think it's reasonable to conclude that a flight is "*pre-booked transport*". So, the policy term covers circumstances where a return home is delayed due to the delay of a flight. If URV wished to limit cover to delayed arrival of pre-booked transport *to the airport*, it could have said that.

- URV is right to say that Mr and Mrs Y's return flight was cancelled, not delayed. When deciding what we think is fair and reasonable in all the circumstances of a case of this nature, we'd generally consider the ultimate impact of the situation on the consumer. Here, the impact of the cancellations of Mr and Mrs Y's return flights was the same as if their flights were delayed, then cancelled. So, I think it's fair and reasonable for URV to deal with Mr and Mrs Y's claim for extended kennel and cattery fees as if their return flights had been delayed, not cancelled.
- For these reasons, I don't think that URV acted fairly and reasonably in declining the part of Mr and Mrs Y's claim which relates to extended kennel/cattery fees. It should deal with the claim under the remaining terms of the policy. As Mr and Mrs Y have been kept out of the use of the settlement money, URV should also pay interest on the settlement amount.

Putting things right

In order to put things right, URV should deal with Mr and Mrs Y's claim for extended kennel/cattery fees in accordance with the remaining terms of the policy. It should also pay Mr and Mrs Y interest on the settlement at the simple rate of 8% per year, from the date they made their claim to the date it makes the payment.

HM Revenue & Customs requires URV to take off tax from this interest. URV must give Mr and Mrs Y a certificate showing how much tax it's taken off if they ask for one.

My final decision

My final decision is that I uphold Mr and Mrs Y's complaint. Union Reiseversicherung AG should now take the steps I've set out above.

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

Louise Povey
Ombudsman