

The complaint

Mr C is unhappy that Chaucer Insurance Company Designated Activity Company declined a claim he made on his travel insurance policy.

What happened

Mr C was due to go on holiday in early June 2020 to a country I'll refer to as S. The holiday was booked by Mr C's brother on behalf of the whole family.

On 11 March 2020 Covid-19 was declared to be a global pandemic and on 17 March 2020 the Foreign and Commonwealth Development Office (FCDO) advised against all but essential travel abroad. That advice remained in place until Mr C's planned departure date. Mr C's flight was cancelled, and they were unable to travel to their accommodation due to FCDO advice. Mr C's brother claimed on his own travel insurance policy but the insurer would only cover his share of the costs. So, Mr C claimed for his share of the costs on his travel insurance policy.

The claim was declined by Chaucer on the basis that there was no cover under the policy. Mr C was unhappy with this, but Chaucer maintained their decision to decline the claim. Unhappy, Mr C referred his complaint to our service.

Our investigator looked into what had happened and upheld the complaint. She thought it wasn't clear that the policy didn't cover cancellation if the FCDO advised against all, or all but essential travel.

Chaucer didn't agree and asked an ombudsman to review the complaint. In summary they said there was no cover under the policy for cancellation due to a change in FCDO advice. They said the policy set out the insured perils and to retrospectively apply cover for changes in FCDO advice made a mockery of the underwriting process. Chaucer also thought it was most likely that Mr C would have purchased the policy, even if he'd been aware that there was no cover due to changes in FCDO advice. So, I need to make a decision.

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'm satisfied that our investigator identified, and set out, the relevant industry rules and guidance which apply to the specific circumstances of this case. The investigator also highlighted, and referred to, the key documents which are relevant to this complaint.

The policy documentation

The Insurance Product Information Document ('IPID') summarises the cover available. On page one it says:

'What is not insured

Travelling to a country or to an area where, prior to your trip commencing, the FCO have advised against all (but essential) travel’.

Page 20 of the policy sets out the circumstances under which Chaucer provides cover for cancellation or curtailment. These are:

- The death, bodily injury, illness, disease, or complications of pregnancy of:
 - a) You
 - b) any person who you are travelling with
 - c) any person who you have arranged to stay with
 - d) your close relative
 - e) your close business associate.
- You or any person who you are travelling with being quarantined on the orders of a treating doctor, called as a witness at a Court of Law or for jury service attendance.
- Redundancy of you or any person who you are travelling with (which qualifies for payment under current UK redundancy payment legislation, and at the time of booking the trip there was no reason to believe anyone would be made redundant).
- You or any person who you are travelling with, are a member of the Armed Forces, Territorial Army, Police, Fire, Nursing or Ambulance Services or employees of a Government Department and have your/their authorised leave cancelled or are called up for operational reasons, provided that the cancellation or curtailment could not reasonably have been expected at the time when you purchased this insurance or at the time of booking any trip, which occurred or became apparent within 5 days prior to the commencement of your trip or during the course of your trip.
- The Police or other authorities requesting you to stay at or return to your home due to serious damage to your home caused by fire, aircraft, explosion, storm, flood, subsidence, fallen trees, collision by road vehicles, malicious people or theft.

In the general exclusions, on page 11, it says there is no cover for:

Any claim arising as a direct result of a situation highlighted by the Foreign and Commonwealth Office where you have travelled to a specific country or to an area where, prior to your trip commencing, the Foreign and Commonwealth Office have advised against all (but essential) travel.

Was it unreasonable for Chaucer to decline the claim?

I think it's fair and reasonable for Chaucer to treat the claim as covered under the cancellation/curtailment section of the policy because:

- Mr C cancelled his trip because the FCDO advised against all but essential travel to the destination he was due to travel to. That's not something that is 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 C had travelled abroad he'd have not followed FCDO advice. So, he wouldn't have been covered by the policy terms and conditions. But, under the terms and conditions of the policy, changes in FCDO guidance also aren't covered by the policy. I don't think that was made sufficiently clear to Mr C.
- Mr C would have needed to read the full policy terms and conditions in order to understand that this set of circumstances wasn't covered. And, I don't think that this information was brought to his attention in a prominent and transparent way. So, I don't think the combined effect of the policy terms was made sufficiently clear. Mr C would have needed to cross refer between the different sections of cover to work out that he wasn't covered for cancellation due to a change in FCDO advice. I don't think this would have been clear even if he'd read the terms and conditions in full.
- I think this has created a significant imbalance in the rights and interests of Mr C and Chaucer. I think it's unlikely that Mr C would have purchased the policy if he had realised that there was no cover under the policy if the FCDO guidance changed after he'd bought the policy. When Mr C purchased the policy, in February 2020, policies which offered cover in such circumstances were widely available for a similar price. And I remain persuaded that if Mr C had realised he wouldn't be covered for cancellation due to a change in FCDO advice, it's likely he'd have taken out cover elsewhere.
- I've considered what Chaucer has said about the IPID and that it's not possible to list everything that's insured or not insured. But the IPID didn't make it clear or prominent that cancellation claims due to a change in FCDO advice weren't covered. The IPID only refers to the general exclusion which says that policy holders won't be covered if they travel against FCDO advice. And, in any event, I'm also satisfied that this also wasn't clear from the policy terms and conditions for the reasons I've outlined above.
- I've also taken into account what Chaucer has said about how the policy was priced. However, I've considered the individual circumstances of this complaint and the particular terms and conditions of this policy. I've also taken into account the relevant law and industry guidelines. Having done so I'm satisfied that it is fair and reasonable to uphold Mr C's complaint for the reasons I've outlined above.

Putting things right

I'm directing Chaucer to treat the claim as covered under the cancellation section of the policy. Chaucer should therefore assess the claim under the remaining terms and conditions of the policy.

My final decision

I'm upholding Mr C's complaint about Chaucer Insurance Company Designated Activity Company and directing them to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 8 September 2022.

Anna Wilshaw
Ombudsman