

The complaint

Mrs B and Mr T complain because Union Reiseversicherung AG ('URV') hasn't paid their travel insurance claim in full.

What happened

Mrs B and Mr T bought a 'Platinum' branded annual travel insurance policy in January 2020. The policy was provided by URV.

Mrs B and Mr T went on a multi-destination holiday, booked through a travel agent. They were due to be abroad from 5 February 2020 until 6 April 2020. Mrs B and Mr T didn't stay at their first intended destination (which I'll call 'H'). This was because they said their travel agent advised them to only transit through H instead due to riots and Covid-19.

While at their second destination (which I'll call 'N'), the World Health Organisation declared Covid-19 as a pandemic on 11 March 2020 and, on 17 March 2020 the UK's Foreign, Commonwealth & Development Office ('FCDO') – formerly the Foreign & Commonwealth Office ('FCO')) advised against all but essential travel abroad due to Covid-19.

Based on the information available to me, on the same day (17 March 2020) the government at Mrs B and Mr T's third intended destination (which I'll call 'T') announced quarantine restrictions which meant Mrs B and Mr T would have been unable to travel onwards to their fourth intended destination (which I'll call 'B') from 27 March 2020 to 3 April 2020 as they'd planned, or to then return to N from B to catch their original return flight back to the UK on 5 April 2020. On 23 March 2020, the FCDO advised all British tourists abroad to return to the UK.

Mrs B and Mr T didn't travel to T or to B, and instead remained in N. Mrs B and Mr T's original return flight from N to the UK on 5 April 2020 was subsequently cancelled, and they remained in N until they could get a repatriation flight back to the UK on 29 April 2020.

Mrs B and Mr T made a claim under their policy with URV for the following:

- the unused costs of their trip to H;
- the unused costs of their trips to T and B;
- their additional costs for extending their stay in N;
- the cost of their new flight back to the UK from N after their original intended return date.

URV initially said none of Mrs B and Mr T's claim was covered under their policy. URV subsequently paid Mrs B and Mr T £544.21 under '*Section B10 – Catastrophe*' of their policy cover. URV said this was calculated as 9 nights additional accommodation at N from 28 March 2020 until Mrs B and Mr T's original intended return date of 6 April 2020.

Unhappy, Mrs B and Mr T brought their complaint to the attention of our service.

One of our investigators looked into what had happened and upheld Mrs B and Mr T's

complaint in part. URV didn't agree with our investigator's opinion so their complaint was referred to me. I made my provisional decision about this complaint in May 2022. In it, I said:

'I've considered and will address each of the costs which Mrs B and Mr T have claimed for in turn.

The unused costs of the trip to H

Mrs B and Mr T didn't stay in H on the advice of their travel agent. Mrs B and Mr T say this was because of riots and Covid-19.

On the date of the planned trip to H, the FCDO wasn't advising against travel to H due to either riots, or because of Covid-19. The concerns of Mrs B and Mr T's travel agent aren't something which triggers cover under their policy, and their policy specifically excludes claims for disinclination to travel, insurrection and certain acts of civil commotion.

So, this part of Mrs B and Mr T's claim isn't covered under the terms and conditions of their policy and I don't think there are any reasonable grounds upon which I could fairly direct URV to pay this aspect of their claim.

The unused costs of the trips to T and B

The insurance industry regulator, the Financial Conduct Authority ('FCA'), has set out rules and guidance for insurers in the 'Insurance: Conduct of Business Sourcebook' ('ICOBS').

ICOBS says that insurers should act honestly, fairly, and professionally in accordance with the best interests of their customers, and that they should handle claims promptly and fairly. ICOBS also says that insurers should give consumers 'appropriate information' about a policy in good time and in a way that is easy to understand. This should include an Insurance Product Information Document ('IPID'), giving a consumer a summary of certain things – including excluded risks.

Page 1 of the IPID, which summarises the cover available under Mrs B and Mr T's policy with URV, says:

"Are there any restrictions on cover? ...

! Unless agreed with us there will be no cover if the FCO advise against travel to your destination'.

The policy terms and conditions, at page 12, under the heading 'What is not covered – applicable to all sections of the policy' say:

'We will not pay for claims arising directly or indirectly from: ...

14. Travelling against FCO advice

Your travel to a country, specific area or event when the Travel Advice Unit of the Foreign & Commonwealth Office (FCO) or regulatory authority in a country to/from which you are travelling has advised against all, or all but essential travel.'

Page 17 of the policy terms and conditions, under the heading 'Section B1 – Curtailment charges' sets out the cover available if a policyholder has to curtail their trip. The policy defines 'curtail' as 'the cutting short of your trip by your early return home...'. Mrs B and Mr T didn't cut their trip to T and B short by returning to the UK early, so they don't satisfy the

policy criteria for a valid claim under this section of cover. Neither did Mrs B and Mr T return home early from N. Instead, they remained in N beyond their original planned return date. But Mrs B and Mr T didn't travel to T and B at all. In these specific circumstances, I think it would be fair and reasonable to consider this part of Mrs B and Mr T's overall trip as having been, in effect, curtailed/cut short because they were unable to visit T and B as they'd planned.

I've gone on to consider the circumstances in which URV will pay for certain irrecoverable, unused costs under this section of the policy. These circumstances are set out as specific, listed insured events:

'1. The death, bodily injury, illness, disease or complications arising as a direct result of pregnancy of:

- a) you
- b) any person who you are travelling or have arranged to travel with
- c) any person who you have arranged to stay with
- d) your close relative
- e) your close business associate.

2. You or any person who you are travelling or have arranged to travel with being quarantined, called as a witness at a Court of Law or for jury service attendance.

3. You or any person who you are travelling or have arranged to travel 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 curtailment could not reasonably have been expected at the time when you purchased this insurance or at the time of booking any trip.

4. 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.'

Our investigator concluded that the quarantine restrictions imposed in T meant that Mrs B and Mr T would have a valid claim under sub-section 2 of the policy wording which I've quoted above referring to 'being quarantined'. I don't agree. I don't think that a requirement to quarantine if a policyholder travels to another country is the same as being prevented from travelling because the policyholder has already been put into quarantine. Mrs B and Mr T's inability to travel to T and B didn't arise because they were put into quarantine or were being quarantined in N.

So, I don't think Mrs B and Mr T's trip to T and B was affected by any of the listed, insured reasons which I've set out above.

However, I have an overriding remit to make a decision based on what I think is fair and reasonable in all the circumstances of a case. I've taken into account the relevant law and industry guidelines and I don't think a strict interpretation of the policy terms and conditions leads to a fair and reasonable outcome in the circumstances of this case.

At the time Mrs B and Mr T were due to travel to T and B, the FCDO was advising against all but essential international travel, and the FCDO had also advised all British travellers who were abroad at the time to return to the UK. The policy exclusion outlined on page 12 of the terms and conditions excludes cover under any section of the policy if a policyholder is travelling against FCDO advice. This means, based on the information I've seen, I think it's

most likely that Mrs B and Mr T wouldn't have been covered by the policy terms and conditions at all if they'd travelled to T and then B on 27 March 2020 as planned.

But, under the terms and conditions of Mrs B and Mr T's policy, curtailment (or, in this case, what I think is the effective curtailment of part of their overall trip) due to changes in FCDO guidance also isn't covered. This means Mrs B and Mr T were left in a situation where they had no cover if they travelled on to T and B, but they also had no cover if they didn't. I don't think this was made sufficiently clear to Mrs B and Mr T in their policy documentation.

Mrs B and Mr T would need to have read the full policy terms and conditions in order to understand that this set of circumstances wasn't covered. And, I don't think this information was brought to their attention in a prominent and transparent way. So, I don't think the combined effect of the policy terms was made sufficiently clear to them.

I think this created a significant imbalance in the rights and interests of Mrs B and Mr T and URV. I think it's unlikely Mrs B and Mr T would have purchased this policy if they had realised there was no cover if FCDO guidance changed after they bought the policy and/or commenced their trip. And, I'm satisfied that travel insurance policies provided by other insurers which did cover such claims arising from changes to FCDO advice were available on the market at the time Mrs B and Mr T bought their policy in January 2020. So, I think it's likely Mrs B and Mr T would have been able to buy alternative insurance which did cover the circumstances they ultimately found themselves in.

I've taken into account the comments which URV made in response to our investigator's view, but these don't change my provisional decision on this aspect of the complaint.

I therefore think it would be fair and reasonable in the circumstances for URV to accept this element of Mrs B and Mr T's claim outside of a strict interpretation of the policy terms and conditions, and to consider their claim under 'Section B1 - Curtailment charges'. Based on the evidence I've seen, I'm satisfied these costs are not recoverable by Mrs B and Mr T from another source.

I note that URV has already paid Mrs B and Mr T £544.21 under 'Section B10 – Catastrophe' for additional accommodation costs in N. Having considered what this section of the policy provides cover for, I think it was fair and reasonable in the circumstances for URV to make this payment. Part of the payment relates to dates for which Mrs B and Mr T are also claiming for unused accommodation costs when they were due to be visiting T and B. It wouldn't be fair or reasonable for Mrs B and Mr T to receive a payment from URV for both their unused and their additional accommodation costs on the same dates (as Mrs B and Mr T would always have to have paid to stay somewhere abroad), and Section B10 of the policy says a policyholder can only claim under either Section B1 or Section B10 (not both) for the same event.

So, I think URV would be reasonably entitled to deduct the benefit already paid under Section B10 for the period 28 March 2020 to 2 April 2020 from any benefit which it considers Mrs B and Mr T might be entitled to under Section B1.

The additional costs of the extended stay in N

I appreciate that the situation which Mrs B and Mr T found themselves in was unexpected and unprecedented, but no insurance policy covers every situation. An insurer is entitled to decide what level of risk it wishes to accept in return for the payment of a premium.

The policy which Mrs B and Mr T bought simply doesn't cover additional accommodation costs if a trip is extended in these circumstances. I've reviewed every section of Mrs B and

Mr T's policy, but they didn't have cover which would pay a benefit for this part of their claim.

The additional flight costs from N to the UK

Similarly, like most (if not all) travel insurance policies which were available on the market at the time, Mrs B and Mr T's policy doesn't provide cover for the cost of a new return flight in these circumstances, where a trip was extended.

I'd strongly suggest that Mrs B and Mr T make further enquiries with their travel agent to see what, if any, legal obligations their travel agent might have to provide refunds to them under the Package Travel and Linked Travel Arrangements Regulations 2018.'

So, my provisional decision was that I upheld Mrs B and Mr T's claim in part.

Mrs B and Mr T accepted my provisional decision and said they had nothing further to add. URV also replied and said it had nothing further to add.

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.

As neither party has provided any new information or additional evidence, I see no reason to change my provisional decision.

Putting things right

URV must treat Mrs B and Mr T's claim for the unused costs of their trip to T and B as covered under the curtailment section of their policy, and assess this part of the claim under the remaining policy terms and conditions.

My final decision

My final decision is that I uphold Mrs B and Mr T's complaint and I direct Union Reiseversicherung AG to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr T to accept or reject my decision before 18 July 2022.

Leah Nagle
Ombudsman