

The complaint

Mr and Mrs F complain about how AXA Insurance UK Plc dealt with a claim against their travel insurance policy. Reference to AXA 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, Mr and Mrs F have travel insurance as a benefit of a bank account. In November 2020, they booked a trip with intended departure and return dates of 13 December 2020 and 9 January 2021 respectively.

Mr and Mrs F decided to extend their stay and changed their return flight to 24 January 2021. The airline cancelled that flight. Mr F contacted AXA, and it agreed to pay for additional medication. Mr and Mrs F subsequently booked several return flights, which were cancelled by the airline. Mr and Mrs F say that they spoke with AXA before booking each flight. Mr and Mrs F also booked additional accommodation.

On 19 February 2021, AXA told Mr F that it would provide cover until 24 February 2021. Mr and Mrs F complained about that. They said they'd previously followed AXA's advice and booked flights for 28 March 2021 - which was the next available flight to a convenient UK airport - and arranged accommodation. AXA reviewed the matter and found a flight departing on 1 March 2020. Mr and Mrs F didn't take that flight. They said that it landed too late in the evening and wasn't to a convenient UK airport.

Mr and Mrs F complained to AXA about their claim. AXA said that cover would end on 1 March 2020 – the date of the flight it had identified. But it said that it hadn't explained to Mr and Mrs F that they should have tried alternative airlines and airports to return to the UK as soon as possible. AXA paid Mr and Mrs F £125 in relation to their distress and inconvenience.

I understand that Mr and Mrs F subsequently returned to the UK on 28 March 2021, to a different airport than the one from which they'd departed.

AXA paid Mr and Mrs F's claim for travel disruption, medication, car hire and accommodation costs from 24 January 2021 to 1 March 2021. It also paid the difference in the cost of the flights booked for 24 January 2021 and the 1 March 2021 flights.

Mr and Mrs F say that AXA authorised all the flight and accommodation bookings they made but then changed its position. Mr and Mrs F want AXA to pay for their accommodation, car hire and medication costs after 1 March 2021 to the date of their actual return, the cost of additional medical insurance and Covid-19 tests and taxi costs.

One of our investigators looked at what had happened. She said:

- On balance, it's likely that AXA confirmed that Mr and Mrs F should book the flight for 28 March 2021 and it didn't discuss Mr and Mrs F returning via different airlines to a different airport. But on 19 February 2021, it corrected its errors and told Mr F that it expected him to return on the next available flight via other airlines to other airports.
- It was reasonable for AXA to expect Mr and Mrs F to return home via another route and airline to another airport and to take the flight on 1 March 2021.
- Mr and Mrs F could have asked the airline and accommodation provider for a refund for flights and accommodation booked for after 1 March 2021.
- Mr F now says he asked the accommodation provider for a refund and his request was refused. As Mr and Mrs F had the use of the accommodation after 1 March 2021, AXA isn't required to reimburse Mr and Mrs F for the accommodation costs after that date.
- AXA's calculation of the difference in flight costs was fair.
- AXA isn't obliged to reimburse Mr and Mrs F for the costs of Covid-19 tests and quarantine costs.
- AXA has now agreed to pay the costs of a taxi from the airport to Mr and Mrs F's home, with interest.
- The compensation AXA had already offered was fair.

Mr and Mrs F didn't agree with the investigator. They said:

- The investigator said that they are obliged to keep their costs to a minimum, but AXA refused to cover any costs after 1 March 2021.
- Their accommodation costs were prepaid with no option of a refund. And it's likely that they'd only get a voucher if they cancelled the flight they'd booked.
- They always intended to use this service to assist in recovery of their losses but there was a risk that we would find in favour of AXA.
- They can't understand why we'd look more favourably on the accommodation being paid for but empty after 1 March 2021 and the later flight unused.
- They booked and paid for the accommodation following AXA's approval and got a better price for a longer booking but AXA refuse to accept responsibility for the accommodation costs after 1 March 2021.
- The additional Covid-19 testing was also required before 1 March 2021, so AXA should cover that cost.
- This wasn't an extended holiday; they are out of pocket and AXA should pay their expenses.

The investigator considered what Mr and Mrs F said but didn't change her view. Mr and Mrs F asked that an ombudsman consider their complaint, 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.

It's clear that Mr F in particular has strong feelings about this matter. He's provided detailed submissions to support the complaint. I've read through all this carefully and taken it all into consideration when making my decision. I trust that neither he nor Mrs F will take as a discourtesy that I concentrate on what I think is the central issue in the case, that is, whether AXA treated Mr and Mrs F unfairly in withdrawing cover after 1 March 2021.

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 13: Travel Disruption Cover
[...]*

On the way home

6. We will pay You up to:

- a) £5,000 for **Your** reasonable additional travel (including up to £200 for taxis and hire cars) and accommodation costs which are of a similar standard to that of **Your** pre-booked travel and accommodation (for example full or half board, all inclusive, bed and breakfast, self-catering or room only) that **You** cannot claim back from any other source.*
- b) £200 for the cost of emergency replenishment of **Your** prescription medication if **Your** existing supplies run out after **Your** scheduled return date.*
- c) if **You** have to make alternative arrangements to return to **Your Home** or stay longer outside of **Your Home Area** as a result of:
 - i) The **Public Transport** on which **You** were booked to travel to **Your Home Area** including connections being cancelled or delayed for at least 12 hours, diverted or re-directed after take-off; or**

[...]

7. If the **Public Transport** on which **You** were booked to travel to **Your Home Area** including any onward connecting flights is cancelled or delayed for at least 12 hours **We** will pay **You** £30 for the first 12 hours delay (unless **Your Trip** is three nights or less when the number of hours delay is reduced to six hours) and £20 for each full 12 hours delay after that up to a maximum of £250 providing **You** return to **Your Home Area** on the next available suitable **Public Transport** (this will help **You** pay for telephone calls made and meals and refreshments purchased during the delay)."

has the claim been declined unfairly?

The relevant rules and industry guidance say that AXA has a responsibility to handle claims promptly and fairly and it shouldn't reject a claim unreasonably. I think that AXA's offer to consider the taxi fare on the return trip, subject to the policy terms, and pay interest on that amount is fair and reasonable. So, I won't ask it to do any more. I say that because:

- Mr F says that AXA approved their accommodation and replacement flight for 28 March 2021. So, he wants AXA to reimburse him for the costs of accommodation and associated costs - such as car hire and medical costs - up to that date.

- Recordings of the phone calls between Mr F and AXA aren't now available. So, I can't know with any certainty what was said and, in particular, whether AXA confirmed cover for additional accommodation up to 28 March 2021. Where things are not clear, and evidence is incomplete or contradictory – as some of it is here – I make my findings on what I think is most likely to be the case. I take into account the evidence available to me and the wider surrounding circumstances.
- On balance, I think that AXA told Mr F that he could book the flights for 28 March 2021. Mr F has provided an e-mail from AXA dated 26 January 2021, which says that he should continue with the flight booking. I understand that e-mail refers to the 28 March 2021 flights. Mr and Mrs F subsequently booked accommodation in line with their new return flights. I think AXA made a mistake as it intended to tell Mr and Mrs F that they should attempt to return home at the earliest opportunity via any reasonable route.
- In cases like this where an insurer has made an error, we don't proceed on the basis that the incorrect or incomplete information is the true position. We look at the effect of the error on the parties.
- In this case, AXA corrected its position during the phone call on 19 February 2021, when it said that Mr and Mrs F should return earlier and identified an earlier return flight. There were further exchanges and AXA identified a flight on 1 March 2021. Mr and Mrs F objected to that flight, as it landed in the UK at a late hour and was further away from their home than the airport of their departure. But in the particular circumstances of this case, and bearing in mind the context, which included the general travel difficulties at that time, I don't think that those objections meant that AXA should have continued cover under the policy and found another flight for Mr and Mrs F. AXA wasn't obliged to continue cover until there's a flight available that lands during the day time or to the same airport from which Mr and Mrs F departed.
- I don't think it was unreasonable for AXA to withdraw cover under the policy from 1 March 2021, as it had identified a suitable return flight for Mr and Mrs F on that date. It follows that I don't think that AXA is responsible for Mr and Mrs F's additional insurance costs with a new provider from that date.
- I appreciate that Mr and Mrs F's position is that if they returned before 28 March 2021, they'd have suffered a loss of the accommodation costs, which they weren't guaranteed to recover in any subsequent claim or complaint. Mr F says that he spoke with the accommodation provider and asked for a refund at the relevant time, but the accommodation provider refused. He didn't mention this either to AXA at the time of his complaint or to this service until he was responding to the investigator's view. There's no written exchange between Mr or Mrs F and the accommodation provider about a request for a refund. Based on what I've seen, I don't think I can safely conclude that Mr and Mrs F took all reasonable steps to recover accommodation costs after 1 March 2020.
- I think that AXA corrected its position on 19 February 2021. Mr and Mrs F chose to decline AXA's invitation to book the return flights for 1 March 2021. Instead they chose to remain at their destination until 28 March 2021 and use the accommodation. AXA isn't responsible for that. As AXA had corrected its mistake and Mr and Mrs F chose to have the use and benefit of the accommodation up to 28 March 2021 – and, as I've said above, haven't shown that they took reasonable steps to recover the

accommodation costs - I don't think it would be fair and reasonable for AXA to bear those costs.

- Mr and Mrs F have referred to alternative scenarios but I'm looking at what actually happened, so I'm not going to comment on or speculate about what might have happened in different circumstances.
- 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. There's no basis on which I can direct AXA to cover the cost of Covid-19 tests as that's not an expense that's covered under the policy.
- AXA has now agreed to consider the taxi fare from the UK airport to Mr and Mrs F's home on the return trip, subject to the policy terms. It's also agreed to pay interest on that at the simple rate of 8% per year from the date of the claim to the date it makes the payment. I think that's fair and reasonable. That's because Mr and Mrs F would have incurred additional travel costs to get home even if they'd taken the flight on 1 March 2021, as it also landed at a different airport from which they departed.

Putting things right

In order to put things right, AXA should reimburse Mr and Mrs F's return taxi costs, subject to the policy terms, and pay interest on that at the simple rate of 8% per year, from the date of the claim, to the date it makes the payment, as it's now offered to do.

My final decision

My final decision is that AXA's offer is fair and reasonable, and I don't direct it to pay any more than it's already paid or offered to pay.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Mrs F to accept or reject my decision before 18 July 2022.

Louise Povey
Ombudsman