

The complaint

Mr T complains because ERGO Reiseversicherung AG ('ERGO') hasn't paid claims he made under his travel insurance policy.

What happened

Mr T held a '5 star' branded travel insurance policy, provided by ERGO. Mr T travelled abroad in February 2020. During his trip, he missed a flight connection. He also experienced a further delay to a domestic flight abroad. Mr T was due to return to the UK on 31 March 2020 but his original flight was cancelled due to the circumstances surrounding Covid-19 and Mr T had to pay for a new flight to return home on the same day, to a different airport.

Mr T made claims under his policy with ERGO for expenses associated with these incidents. ERGO assessed all the claims under the 'Travel delay and disruption' section of Mr T's policy and said none of the claims were covered for various reasons. Mr T felt his claim for his cancelled return flight should have been considered under the 'Curtailed' section of his policy and, unhappy, he complained to ERGO before bringing the matter to the attention of our service.

One of our investigators looked into what had happened and said she didn't think ERGO had acted unfairly. Mr T didn't agree with our investigator's opinion, so his complaint was referred to me. I made my provisional decision about Mr T's complaint earlier this month. In it, I said:

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

No insurance policy covers every situation – regardless of how the policy is branded. Insurers are entitled to decide what level of risk they are prepared to accept in return for the premium set, and the limits of ERGO's responsibilities to Mr T are set out in the terms and conditions of his insurance contract.

I don't think the costs which Mr T is claiming for relating to his missed flight connection and/or his domestic flight delay are covered under the terms and conditions of 'Section 7 - Travel delay and disruption' of his policy. I don't think Part A of this section applies to the circumstances of these two claims, and part B only provides cover for additional accommodation and travel expenses – which isn't what Mr T is claiming for.

ERGO also assessed Mr T's claim for his cancelled return flight under Section 7. I don't think this was correct. However, I don't think Mr T's claim is covered under 'Section 6 - Curtailed' either. This is because Section 6 only provides cover if a trip is cut short for one of a list of specific, insured reasons which are set out in the policy. Based on the information which is available to me, Mr T didn't return to the UK before his scheduled return date. And, even if he did, he didn't do so for one of the listed, insured reasons set out in Section 6.

I don't think the information which ERGO provided to Mr T while he was abroad was in any

way unclear. ERGO said it was unable to guarantee cover for any claim until all the necessary documents were received and assessed. I don't think it's reasonable to conclude from this statement that a claim would be paid, and I wouldn't generally expect a travel insurer to be able to confirm cover in such circumstances without having all the details of what happened and what actual costs were being claimed for. And, even if ERGO had given Mr T incorrect information about the validity of his claim, this wouldn't automatically mean that it would be fair and reasonable for ERGO to accept his claim outside of a strict interpretation of the policy terms and conditions anyway.

However, I note that under 'Section 12 – Catastrophe' of Mr T's policy, ERGO will pay for the following:

'Reasonable additional accommodation and travel expenses necessarily incurred to return to Your home ... in the event that Your trip is disrupted by a Catastrophe'.

The policy defines 'Catastrophe' to include a medical epidemic. For the avoidance of doubt, I think a pandemic is an epidemic on a larger scale. Covid-19 was declared a pandemic by the World Health Organisation on 11 March 2020 and I'm satisfied it's therefore fair and reasonable to consider Covid-19 as falling within the policy definition of 'Catastrophe'. So, I think Mr T's claim relating to his cancelled return flight is covered under Section 12.'

Mr T accepted my provisional decision. ERGO didn't respond by the deadline set.

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 submissions, I see no reason to change my provisional findings.

Putting things right

ERGO Reiseversicherung AG should put things right by paying Mr T's claim relating to his cancelled return flight under Section 12 of his policy. Interest should be added, at 8% simple per annum from the date of the claim until the date the settlement is paid¹.

My final decision

My final decision is that I uphold Mr T's complaint in part, and I direct ERGO 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 Mr T to accept or reject my decision before 21 July 2022.

Leah Nagle
Ombudsman

¹ If ERGO Reiseversicherung AG considers that it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mr T how much it has taken off. It should also give Mr T a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.