

## The complaint

Mr and Mrs O complain that AWP P&C SA hasn't settled a claim under their travel insurance policy.

## What happened

Mr and Mrs O bought an annual worldwide multi-trip travel insurance policy which started on 18 August 2019, provided by AWP.

Mr and Mrs O booked three separate trips abroad in February 2020. The first one was due to take place between 20 and 23 March 2020, the second between 9 and 14 April 2020, and the third between 5 and 10 June 2020.

On 17 March 2020, the Foreign, Commonwealth and Development Office ('FCDO' – formerly the Foreign and Commonwealth Office ('FCO')) advised against all but essential international travel. So, Mr and Mrs O had to cancel their trips.

Mr and Mrs O received refunds or vouchers for some of their costs from other sources. But they say they haven't received refunds for all of the accommodation, ferry and car hire costs. So, Mr and Mrs O made a claim with AWP for these unused costs.

Mr and Mrs O say AWP told them the claim wasn't covered under their policy terms. Unhappy with this, Mr and Mrs O brought a complaint to our service.

Our investigator thought the complaint should be upheld. He said Mr and Mrs O had to cancel their trips because of the FCDO advice. He acknowledged that the policy didn't provide cancellation cover due to a change in FCDO advice – but he also noted that the policy excluded cover if Mr and Mrs O travelled against this advice.

Our investigator didn't think it was fair that the policy didn't cover Mr and Mrs O if they *didn't* travel, but it also didn't cover them if they *did* travel. This was because he didn't think AWP had done enough to highlight these terms to Mr and Mrs O, and due to the significant imbalance this created between AWP and Mr and Mrs O. So, our investigator said AWP should reassess the claim.

AWP didn't respond to our investigator's findings. So, as no agreement was reached, the complaint has been 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.

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

### The policy documentation

I've accessed a copy of terms and conditions, as well as the Insurance Product Information Document ('IPID'), of a travel insurance policy provided by AWP online. This is the same brand of insurance that Mr and Mrs O held, both documents are dated January 2019, and the policy reference matches the reference in the screenshot Mr and Mrs O sent to us of the policy they were given. On balance, I think it's likely these terms and conditions, or a version which was very similar in scope, apply in the circumstances of this complaint. These are also the terms our investigator relied on, and neither party has disputed them.

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

The IPID summarises the cover available. It says on page 2 under "*Where am I covered?*" that:

*"You will not be covered if you travel to a country or region where the Travel Advice Unit of the British Foreign and Commonwealth Office or the World Health Organisation has advised against travel, unless agreed otherwise with the insurer".*

The policy terms and conditions say on page 14 under "General Exclusions" that:

*"10. **You** travelling to a country, specific area or event to which the Travel Advice unit of the British Foreign and Commonwealth Office or the World Health Organisation has advised against travel, unless agreed by or on behalf of the **insurer**."*

### Was it unreasonable for AWP to decline the claim?

I think it's fair and reasonable for AWP to treat the claim as covered under the cancellation section of the policy. I'll explain why.

I think Mr and Mrs O's trip was cancelled because the FCDO advised against all but essential travel during the time they were due to travel. As our investigator set out, FCDO advice isn't something that's 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 complaint.

The exclusion that I've outlined above means that if Mr and Mrs O had travelled abroad, they wouldn't have followed FCDO advice. So, they 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 – so they weren't covered if they cancelled the trip because of this. That means that Mr and Mrs O weren't covered if they didn't travel due to FCDO advice, and they weren't covered if they did travel due to FCDO advice. I don't think this was made sufficiently clear to Mr and Mrs O.

Mr and Mrs O would've needed to read the full policy terms and conditions in order to understand that this set of circumstances wasn't covered, and to understand the full effect of the policy terms. 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.

I think this created a significant imbalance in the rights and interests of Mr and Mrs O and AWP. At the time Mr and Mrs O bought the policy, there were other policies widely available on the market that would've covered this situation. On balance, I think it's unlikely Mr and Mrs O would've purchased this policy if they had realised that there was no cover under the policy if the FCDO guidance changed after they had bought the policy. I think it's more likely that they would have purchased a policy which covered them for cancellation due to a change in FCDO advice had they been given clearer information about what this policy covered.

### **Putting things right**

AWP should treat the claim as covered under the cancellation section of the policy. It should therefore assess the claim under the remaining terms and conditions of the policy. To do that, AWP is entitled to ask Mr and Mrs O reasonable evidence in support of the claim.

### **My final decision**

My final decision is that I uphold Mr M's complaint against AWP P&C SA and direct it to put things right in the way that I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O and Mr O to accept or reject my decision before 27 July 2022.

Renja Anderson  
**Ombudsman**