

The complaint

Mrs D complains that ERGO Reiseversicherung AG has turned down a cancellation claim she made on a travel insurance policy.

What happened

In September 2019, Mrs D took out a single trip travel insurance policy through a broker to cover a holiday she'd booked. She was due to travel between 1 and 20 April 2020.

Unfortunately, on 3 March 2020, a close relative of Mrs D's attempted suicide and was hospitalised. Mrs D therefore cancelled her trip and made a claim on her travel insurance policy for the costs associated with the cancellation.

ERGO ultimately turned down Mrs D's claim. It said the policy specifically excluded claims which were due to attempted suicide. However, it sent its claims decision to an incorrect email address and Mrs D didn't receive its response.

Mrs D was unhappy with the way ERGO had handled her claim and asked us to look into her complaint. She also said that given the situation which had unfolded surrounding Covid-19, she wouldn't have been able to travel as planned in April 2020 in any event.

In August 2021, ERGO resent its claims decision to Mrs D and so our investigator considered both the claims decision and the way ERGO had handled Mrs D's claim. He thought it'd been fair for ERGO to rely on the attempted suicide exclusion to turn down Mrs D's claim. And while he acknowledged that Covid-19 would've prevented Mrs D from travelling in any event, he didn't think that had been the reason why the trip had been cancelled. So he didn't think ERGO needed to pay Mrs D's claim.

However, he noted that Mrs D hadn't been made aware of the claims decision until August 2021 and he felt that the additional calls she'd had to pay and chases she'd had to send had caused her unnecessary upset. So he recommended that ERGO should pay Mrs D £100.

ERGO didn't respond to our investigator's view.

Mrs D disagreed. She felt £100 compensation was a joke. She didn't think that her circumstances fell within the wording of the exclusion ERGO had relied on. And she maintained that due to Covid-19 and the closure of borders, she wouldn't have been able to travel anyway.

The complaint's 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.

Having done so, whilst I'm sorry to disappoint Mrs D, I think it was fair for ERGO to turn down her claim and I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And they mustn't turn down claims unreasonably. So I've considered, amongst other things, the terms of Mrs D's policy and the circumstances of her claim, to decide whether ERGO treated her fairly.

Firstly, I don't doubt what a distressing and worrying situation this must've been for Mrs D and her family and I do hope her relative has now made a full recovery. It's clear that Mrs D had no choice but to cancel her holiday and I sympathise with her position.

In making my decision though, I need to carefully consider the policy terms and conditions, as these form the basis of Mrs D's contract with ERGO. The policy terms set out a list of the insured events ERGO has chosen to cover and things it has specifically chosen to exclude. The contract includes a section called 'General Exclusions' which apply to all sections of the policy and ERGO says it won't pay claims which are directly or indirectly related to any of the listed exclusions. One of these is:

'any claim arising or resulting from depression, anxiety, stress, depressive illness of any type, suicide or attempted suicide or injuring Yourself deliberately or putting Yourself in danger (unless You are trying to save a human life).'

ERGO has relied on this exclusion to turn down Mrs D's claim and so I've next thought about whether it was fair for it to do so. The claim form Mrs D completed says that the cause of the claim was her close relative's attempted suicide. And the medical certificate completed by the consultant treating Mrs D's close relative says that one of the specific diagnoses was an overdose. On the basis of the available evidence then, I think it was fair for ERGO to conclude that Mrs D's claim was directly caused by attempted suicide and to rely on this exclusion to turn down her claim.

I appreciate Mrs D feels that the exclusion isn't worded in such a way as to apply to her situation. It's clear she feels it only relates to a policyholder's attempted suicide. I disagree. I think the term is sufficiently clear that *any* claim arising or resulting from attempted suicide won't be covered. The clause is separated by an 'or' which goes on to refer to a policyholder's own deliberate injury to themselves. But this distinction doesn't only refer to a policyholder's attempted suicide.

Mrs D has also referred to the fact that due to Covid-19, she wouldn't have been able to travel in any event. Like our investigator, I accept that given border closures and global restrictions on travel and movement, Mrs D's holiday would have to have been cancelled. But I can't consider cases with hindsight or think about what might have happened. In this case, Mrs D's trip *wasn't* cancelled because of Covid-19. It had had to be cancelled around a week before Covid-19 was categorised as a pandemic and broadly two weeks before advice against travel was issued by the Foreign, Commonwealth & Development Office. I'd add too that if the flights had had to be cancelled by the airline as a result of Covid-19, it would've been its responsibility to refund Mrs D's costs. So I don't think I could reasonably direct ERGO to pay Mrs D's claim on this basis either.

In summary then, I don't think ERGO acted unfairly when it turned down Mrs D's claim.

However, I don't think that ERGO handled Mrs D's claim as well as it should've done. I acknowledge that when Mrs D made her claim, the impact of Covid-19 on travel insurers was just beginning to be felt. This had an understandable effect on claims and the way insurers had to operate, which inevitably led to delays.

Regardless though, what is clear is that although ERGO did send Mrs D its claims decision in September 2020, it used the wrong email address. This led to Mrs D needing to chase

things up and ultimately, bring a complaint to this service before she received ERGO's answer on her claim – around 18 months after the claim had been made. I think that this is likely to have caused Mrs D additional upset and inconvenience at an already worrying time for her and her family. And so I think it's appropriate that ERGO pay Mrs D compensation to reflect the impact of this error, which added to the distressing situation she was already in. Like the investigator, I find that £100 is fair compensation to recognise the additional period whilst Mrs D waited for an answer on her claim and so I now direct ERGO to pay this amount to Mrs D.

My final decision

For the reasons I've given above, my final decision is that I uphold this complaint in part.

I direct ERGO Reiseversicherung AG to pay Mrs D £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 1 August 2022.

Lisa Barham
Ombudsman