

The complaint

Ms C and Mr H complain that AWP P&C SA declined their claim against their travel insurance policy. Reference to AWP 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, Ms C and Mr H have an annual travel insurance policy underwritten by AWP. In February 2020, they booked a trip with intended departure and return dates of 29 April 2020 and 6 May 2020 respectively.

On 11 March 2020, the World Health Organisation declared Covid-19 a pandemic. On 14 March 2020, the government of Ms C and Mr H's intended destination closed non-essential public places and on 16 March 2020 it restricted travel in that country. On 17 March 2020, the UK government advised against all but essential travel abroad and on 23 March 2020 it imposed wide ranging restrictions on movement. Those restrictions remained in place at the time of Ms C and Mr H's intended departure.

On 14 April 2020, the accommodation and activities provider said that the trip was cancelled because of the restrictions in place in their intended destination country. It subsequently confirmed that it wasn't going to pay refunds. The accommodation and activities provider referred Ms C and Mr H to their insurer.

I understand that the airline refunded Ms C and Mr H's flight costs. Ms C and Mr H made a claim against their policy in relation to unrecovered accommodation and activities costs. They said that they were quarantined, which was an insured event under the policy. AWP declined their claim. It said that what happened here wasn't covered by the policy.

One of our investigators considered what had happened. She told AWP that the information it had previously sent to this service was inaccessible and she asked it to provide the information again. AWP didn't respond, so the investigator proceeded on the basis of the information she had.

The investigator said that what happened here wasn't one of the specific, listed insured events for which cancellation cover is provided. But in the particular circumstances of this case, it was fair and reasonable for AWP to deal with the claim. That was because there was an exclusion in the policy in relation to travel against FCDO advice. That meant that Ms C and Mr H weren't covered by the policy whether they followed FCDO advice and didn't travel or whether they proceeded to travel. The investigator didn't think that the exclusion was made sufficiently clear to Ms C and Mr H and that they wouldn't have bought the policy if they'd known the true position.

Ms C and Mr H agreed with the investigator, but AWP didn't. It said that Ms C and Mr H weren't able to travel even if they wanted to, as travel was prohibited by their destination country.

The investigator considered what AWP said but it didn't change her view. AWP asked that an ombudsman consider the 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.

The relevant rules and industry guidance say that AWP has a responsibility to handle claims promptly and fairly. And it shouldn't reject a claim unreasonably. AWP was obliged to give Ms C and Mr H 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), which gives a summary of certain things, including excluded risks.

The IPID

At the top of the IPID it says:

"This document only provides a basic summary of policy cover. The full terms and conditions of the contract are shown on the policy document, which you should read carefully to ensure you have the cover you need."

Under the heading "**Where am I covered**" it says:

"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

Under the heading "**SECTION A – CANCELLATION OR CURTAILMENT CHARGES**", it says:

"What is covered

We will pay you up to the amount shown in the schedule of cover (see page 11) for any irrecoverable unused travel and accommodation costs, pre-booked excursion costs, organised event fees and other pre-paid charges which you have paid or are contracted to pay, together with any additional travel expenses incurred if cancellation of the trip is unavoidable or the trip is curtailed before completion as a result of any of the following specified events:"

The policy then lists the insured events leading to cancellation or curtailment. Ms C and Mr H say that the relevant one here is:

"2 You or any person who you are travelling with, or have arranged to travel with, being quarantined, [...]."

One of the general exclusions provides that AWP will not pay for claim arising directly or indirectly from:

"8 Your travel to a country, specific area or event when the World Health Organisation (WHO) or other government or official regulatory body in a country to/from which you are travelling has advised against all, or all but essential, travel at the time of booking, or travel. For residents of the United Kingdom this regulatory body is the Travel Advice Unit of the Foreign & Commonwealth Office (FCO)."

Has Ms C and Mr H's claim been declined unfairly?

- I agree with Ms C and Mr H that the reference to quarantine in the policy doesn't require an order of a treating doctor and symptoms of disease. But I don't agree with Ms C and Mr H that they cancelled their trip because they were quarantined.
- The policy doesn't say what AWP means by "*quarantine*". So, I've considered the ordinary everyday meaning of the word as well as the context in which the word "*quarantine*" is used in the policy. I've also had regard to the following dictionary definition of quarantine:

"a state, period, or place of isolation in which people or animals that have arrived from elsewhere or been exposed to infectious or contagious disease are placed."

- I don't think that the restrictions on movement imposed by either the UK government or the government of Ms C and Mr H's intended destination amounted to quarantine for Ms C and Mr H. In both places, movement was allowed for work, essential purchases, healthcare, childcare and exercise. I've seen nothing to suggest that either Ms C or Mr H were advised to shield during the pandemic.
- Ms C and Mr H cancelled their trip because of government restrictions on travel. That's not one of the listed, insured events for which cancellation cover is provided under the policy. 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 case for the reasons I'll explain.
- The exclusion that I've set out above means that if Ms C and Mr H had travelled against FCDO advice, they wouldn't have been covered by the policy's terms and conditions. But under the terms and conditions of the policy, changes in FCDO guidance also aren't covered by the policy. I don't think that was made sufficiently clear to Ms C and Mr H.
- Ms C and Mr H would have needed to read the full policy terms and conditions in order to understand that this set of circumstance wasn't covered. And I don't think that this information was brought to their attention in a prominent and transparent way. So, I don't think that the combined effect of the policy terms was made sufficiently clear.
- I think this has created a significant imbalance in the rights and interests of the parties. I think it's unlikely that Ms C and Mr H would have purchased the policy if they had realised that there was no cover under the policy if the FCDO guidance changed.
- In all the circumstances of this case, I think it's fair and reasonable for AWP to assess Ms C and Mr H's claim under the cancellation provisions and the remaining terms and conditions of the policy.

Putting things right

I'm directing AWP to treat the claim as covered under the cancellation section of the policy. AWP should therefore assess the claim under the remaining terms and conditions of the policy.

My final decision

I'm upholding Ms C and Mr H's complaint against AWP P&C SA and direct it to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C and Mr H to accept or reject my decision before 31 August 2022.

Louise Povey
Ombudsman