

The complaint

Mr G and Mrs S complain because Inter Partner Assistance SA ('IPA') hasn't paid a claim for a cancelled trip under their travel insurance policy.

All references to IPA include the agents appointed to administer claims on its behalf.

What happened

Mr G and Mrs S held an annual travel insurance policy provided by IPA over several years. The first policy ran from August 2019 to July 2020, and the second policy ran from August 2020 to July 2021.

In November 2019, Mr G and Mrs S paid for a trip which was originally due to take place in June 2020. On 17 March 2020, the UK's Foreign, Commonwealth & Development Office ('FCDO') advised against all but essential international travel due to the circumstances surrounding Covid-19. As a result, in May 2020, Mr G and Mrs S's trip was rescheduled to January 2021.

When Mr G telephoned IPA to renew his policy in 2020, he was told he would be covered for the cancellation of any trips booked before 17 March 2020 if the FCDO advised against travel due to Covid-19. Mr G subsequently contacted IPA again and said it was unlikely that he'd be able to travel in January 2021, but he could reschedule for January 2022. IPA again told Mr G that he'd be covered if he cancelled his trip as it had been booked before the Covid-19 pandemic.

In November 2020, Mr G and Mrs S cancelled their trip because the FCDO was advising against all but essential travel to their intended destination. This advice remained in place on their planned departure date in January 2021. Mr G and Mrs S made a claim with IPA for their non-refundable accommodation and permit costs.

IPA initially said Mr G and Mrs S's claim wasn't covered because they'd rebooked their trip after the Covid-19 pandemic had been declared. IPA later said the claim wasn't covered because Mr G and Mrs S had booked a package holiday and, so, their costs were recoverable from elsewhere. When Mr G and Mrs S complained, IPA acknowledged that they weren't eligible for a refund from their travel provider but said, as it hadn't advised Mr G to cancel the January 2021 trip, it hadn't caused Mr G and Mrs S any financial loss and therefore, couldn't settle the claim. But IPA offered to pay Mr G and Mrs S £50 compensation for the distress and inconvenience they experienced in respect of how their complaint was handled.

Unhappy, Mr G and Mrs S brought the matter to the attention of our service. One of our investigators looked into what had happened but didn't uphold Mr G and Mrs S's complaint. Mr G and Mrs S didn't agree with our investigator's opinion, so their complaint was referred to me.

I made my provisional decision about Mr G and Mrs S's complaint in June 2022. In it, I said:

'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 into account when making my decision about Mr G and Mrs S's complaint.

I don't intend to make any finding about whether I think the cancellation of a trip due to the FCDO advising against travel is an insured event under Mr G and Mrs S's policy. IPA doesn't seem to dispute that it is. But I've considered the reasons which IPA gave for declining Mr G and Mrs S's claim and I don't think any of these reasons were correct, or fair and reasonable in the circumstances.

Mr G and Mrs S's trip was booked in November 2019, before Covid-19 was declared as a pandemic. The trip wasn't subsequently cancelled and rebooked for January 2021 – the November 2019 booking was rescheduled from June 2020 to January 2021. So, when considering Mr and Mrs S's claim, I think it would be fair and reasonable in the circumstances for IPA to consider November 2019 as the booking date of this holiday.

IPA then said Mr G and Mrs S's claim wasn't covered as their trip was a package and, therefore, was ATOL protected. ATOL (Air Travel Organiser's Licence) protects booking with travel businesses who cease trading and isn't relevant to Mr G and Mr S's situation.

The Package Travel and Linked Travel Arrangements Regulations 2018 ('PTR') provide protection to customers who have booked a package holiday with a travel provider if the travel provider cancels the holiday. Mr G and Mrs S's travel provider didn't cancel their holiday – Mr G and Mrs S did. So, Mr G and Mrs S have no right to a refund for the costs they are claiming for under the PTR.

Our investigator made conclusions about the travel provider's likely actions and responsibilities under the PTR which I don't think were accurate. In particular, I don't agree with the conclusion that, if Mr G and Mrs S hadn't cancelled when they did, the January 2021 trip would most likely have been cancelled by the travel provider. Mr G and Mrs S have provided evidence to show, as of November 2020, the borders of their intended destination were open and accepting international travellers, and that all the components of their holiday were fully operational. Mr G and Mrs S were instead offered the option of rescheduling the trip again to January 2022, which they didn't wish to and weren't obliged to accept. So, based on the specific circumstances of this case, I don't think it's fair or reasonable to conclude that Mr G and Mrs S disadvantaged IPA by cancelling the holiday when they did.

In any event, I've listened to two telephone calls between Mr G and IPA before he cancelled the January 2021 trip, during which I think IPA clearly stated that the circumstances of Mr G and Mrs S's claim would be covered. While IPA may not have specifically advised Mr G to cancel the January 2021 trip, I think the information he was given by IPA led – in part – to his decision to cancel the trip in November 2020 before the outstanding balance for his holiday was due.

In summary therefore, I don't think it's fair or reasonable for IPA to rely on any of the above reasons to decline Mr G and Mrs S's claim and I currently intend to direct IPA to reassess their claim.

I also think IPA should pay Mr G and Mrs S additional compensation for the distress and inconvenience they experienced because of the incorrect information provided about why their claim was being declined. I think an award of £150 – in addition to the £50 which IPA has already offered – would be fair and reasonable in the circumstances to reflect the impact of IPA's actions on Mr G and Mrs S.'

Mr G and Mrs S said they agreed with my provisional decision and that they had no further comments to make. IPA didn't respond.

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 made any additional comments or provided any new evidence, I see no reason to change my provisional decision.

Putting things right

Inter Partner Assistance SA should put things right and do the following;

- reassess Mr G and Mrs S's claim, subject to the remaining policy terms and conditions;
- pay Mr G and Mrs S a total of £200 compensation for the distress and inconvenience they experienced. This includes the £50 previously offered.

Inter Partner Assistance SA must pay the compensation within 28 days of the date on which we tell it that Mr G and Mrs S accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

My final decision

My final decision is that I uphold Mr G and Mrs S's complaint and I direct Inter Partner Assistance SA 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 G and Mrs S to accept or reject my decision before 4 August 2022.

Leah Nagle
Ombudsman