

The complaint

Mr L complains that AWP P&C SA has unfairly declined his travel insurance claim.

What happened

In January 2020 Mr L booked a multi destination trip abroad with a group of friends, departing on 10 March 2020 and returning on 2 June 2020. This booking included flights and a bus travel pass. On 28 January 2020, Mr L took out travel insurance to cover this trip, which was underwritten by AWP.

Mr L departed from the UK for his trip as planned. On 17 March 2020, the UK's Foreign, Commonwealth & Development Office ('FCDO' – formerly the Foreign & Commonwealth Office ('FCO')) advised against all but essential travel abroad due to the Covid-19 pandemic. And by 23 March 2020 the FCDO had instructed all UK citizens travelling abroad to return home.

Mr L's travel agent arranged a new return flight to come home early but this was cancelled. So, another flight was purchased. Mr L was able to return home on 23 March 2020.

Upon his return, Mr L made a claim to AWP for the cost of new flights purchased and also an internal flight that was unused. AWP accepted the claim but only reimbursed the unused flight. It said that the policy doesn't provide cover for any additional expenses he incurred.

Unhappy with this Mr L made a complaint to AWP and brought the matter to this service. Our investigator looked into the complaint and agreed that the policy didn't cover additional expenses – so didn't think that aspect of the complaint had been declined unfairly.

However, she also found that Mr L had other costs, such as the unused portion of the original return flight and also the bus travel pass, which had not been paid. Initially the travel agent had been able to secure credit for these costs, however, it had subsequently gone into liquidation. As these credits were no longer available, our investigator recommended that AWP should now consider these expenses as not recoverable and settle them as part of the claim.

AWP didn't respond to our investigator's view and so, as there was no agreement reached, the matter 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.

The relevant rules and industry guidelines say that insurers must 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 L's complaint.

AWP has settled some of the claim - so the circumstances leading to the cause of the claim are not in dispute. But what I need to consider is whether AWP has acted fairly when reaching the settlement figure.

The policy terms and conditions

Mr L's claim has been considered under section 16 of the policy – under the heading 'Government travel restriction'. The relevant section states the following:

"What you are covered for

We will pay up to £1,000 in total, for your part of unused:

- personal accommodation;*
- transport charges;*
- pre-booked tours;*
- other travel expenses (including cancellation fees, visas and STA Multiflex Pass);*
- fees for any short term pre-booked vocational courses, for example, teaching English as a foreign language or ski instructor courses*

all of which have been paid for or where there is a contract to pay that cannot be recovered from anywhere else. We will provide this cover if the Foreign and Commonwealth Office or any government or other official authority advise against travel to a country/region shown on your travel itinerary within seven days of your scheduled:

- departure from your home country and the area forms a major part of **your journey**.*
- date of visiting that area, if you are already travelling."*

Has the claim been settled fairly?

AWP has refused to pay for the additional expenses Mr L incurred as it says the policy only provides cover for the unused portion of his trip. From reviewing the section of the policy detailed above, it is clear cover is only provided for unused costs - there is no cover under this section for any additional expenses.

I've also looked at the remaining sections of the policy and there isn't any other section which would provide cover for Mr L's additional travelling expenses to come home early due to the circumstances he encountered. Taking this into account, I'm satisfied that AWP's decision to refuse this aspect of the claim is fair.

However, as pointed out by our investigator, there are other parts of Mr L's trip which remained unused – the return portion of his original flight ticket and the bus travel pass. It is commonplace with all travel insurance policies that cover is only provided for costs that you cannot get back via any other source, and this would include credit vouchers or offers to rebook. As Mr L's travel agent was initially able to secure credit on the flight and bus pass to be used for a future booking, this would mean that the costs were recoverable and therefore not covered by the policy – so I don't think it was unreasonable for AWP to not consider these costs when the claim was first made.

Unfortunately, after making the claim, Mr L's travel agent went into liquidation. And having checked with the bus travel pass provider directly, they were unwilling to honour the credit due to non-payment by the agent. There are consumer protection schemes which can assist

travellers when a business fails, however, due to the time that has passed since this happened, the opportunity to claim from these schemes is no longer available to Mr L.

I've thought about this carefully. Even though it seems Mr L didn't attempt to make a claim through the consumer protection schemes within the required timeframe, it isn't known if his claim would have been successful. So, I cannot say with any certainty that he would have been able to recover his losses. In the circumstances, I'm of the opinion that this should now be considered as an irrecoverable loss. Mr L has unused travel costs, which he cannot recover from elsewhere. The policy provides cover for unused costs under Section 16 of the policy – the section under which AWP has already made a payment for the internal flight. In the specific circumstances of this case, I'm persuaded it would be fair and reasonable for AWP to reassess the claim for the unused bus travel pass, on the basis this cost is irrecoverable, under Section 16 of the travel policy, subject to any remaining terms and conditions of the policy.

I'm aware that the cost of the bus travel pass is more than the policy limit of £1000 under this section and therefore any payment will be subject to that limit. And any payment already made by AWP to Mr L as part of that section limit can be deducted from the settlement. In the circumstances, I therefore haven't made a finding on any other unused costs.

Putting things right

AWP needs to reconsider the claim for the unused bus travel pass, on the basis the cost is considered irrecoverable, and settle this cost, subject to the remaining terms and conditions of the policy and taking into account the section limit of £1000. Any payments already made under this section can be deducted from the policy limit.

My final decision

For the reasons mentioned above, I'm upholding this complaint.

AWP P&C SA needs to put things right as detailed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 24 August 2022.

Jenny Giles
Ombudsman