

The complaint

Mr and Mrs A have complained that AXA Insurance UK Plc ('AXA') unfairly declined their claim.

What happened

Mr and Mrs A have a travel insurance policy through their bank account, underwritten by AXA. They booked a trip abroad in August 2020 with a departure date of 3 December 2020. They returned to the UK on 26 February 2021 but had to quarantine in a hotel on their return at a cost of £2,400.

Mr and Mrs A say AXA should cover the quarantine and other costs including a taxi and tests. AXA says there is no cover for their circumstances under the policy but it accepted that it hadn't given clear information and so offered to pay £200 compensation.

Mr and Mrs A rejected the offer and brought their complaint to this Service.

Our investigator looked into the complaint but didn't think AXA needed to do anything further and said the £200 compensation was appropriate in all the circumstances.

Mr A disagreed and in summary, has made the following comments:

- When he called AXA to extend his trip cover, he was led to believe quarantine costs would be covered.
- If he had been correctly told quarantine costs wouldn't be covered, he either would have extended his stay further or would have flown via another country.
- AXA's correspondence confirms he would be covered for quarantine.

As an agreement couldn't be reached, the case has been passed to me for a decision.

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, I think AXA's offer of £200 for the unclear information it gave to Mr A is fair and reasonable in all the circumstances of this complaint. I'll explain why.

The relevant industry rules and guidance say an insurer should handle claims promptly and fairly and they shouldn't unreasonably reject a claim.

The policy terms confirm when quarantine will be covered under the cancellation and curtailment section. This says:

"We will pay you up to £5,000 inclusive of any valid claim payable under Section K for any irrecoverable unused travel and accommodation costs (including excursions

up to £250) and other pre-paid charges (including green fees of up to £75 per day, up to a maximum of £300) which you have paid or are contracted to pay together with any reasonable additional travel expenses incurred if:

- a. cancellation or the Trip is necessary and unavoidable or*
- b. the Trip is Curtailed before completion*
- c. You have to make an Early Return*

as a result of any of the following events occurring:

- 1. The death, Bodily Injury or illness of:*
 - a. You*
 - b. Any person with whom You are travelling or have arranged to travel with*
 - c. Any person with whom You have arranged to reside temporarily*
 - d. Your close Relative*
 - e. Your Close Business Associate*
- 2. Compulsory quarantine, jury service attendance or being called as a witness at a Court of Law of You or any person with whom You are travelling or have arranged to travel with..."*

When Mr A called to extend cover, an additional document was given to him which set out some changes to the cover. This said:

"You'll also be covered if you need to cancel your trip because either you, or a close relative, has been diagnosed with COVID-19 or any other pandemic illness, or if you need to quarantine following contact from the NHS Test and Trace service, or other UK equivalent service. Any claim will be subject to normal policy terms and conditions."

Mr A says the additional document explicitly confirms his quarantine costs will be covered. But this change is relevant to the cancellation and curtailment section and applies if Mr and Mrs A would have to cancel or curtail as a result of quarantine. It isn't a standalone term which pays out in the event of compulsory quarantine.

The document confirms any claim will be subject to the normal policy terms and conditions. The normal policy terms and conditions confirm quarantine is covered as a result of cancellation, curtailment or early return. Mr A didn't cancel, curtail or return early. So I don't think his claim for quarantine costs (or the additional taxi and test costs) is covered.

Mr A made a number of calls to AXA on 1, 2 and 9 February 2021 to ask whether his quarantine costs would be covered. I've listened to these calls and have summarised the following key points:

- Mr A said he wanted to avoid quarantine and was waiting for the UK government to announce further details. He would try to return early or stay longer with his daughter if for example he knew how long the quarantine requirements would be in place.

- Mr A wanted to know if his quarantine costs would be covered. AXA told Mr A it thought his understanding was correct but would pass him through to the sales team. AXA said Mr A would need to quarantine regardless and he would also need the correct trip extension in place for cover under the policy whilst still abroad. During the phone call, the sales team didn't clearly explain that quarantine costs wouldn't be covered.
- Mr A asked if he would be covered for flight costs if he amended to an earlier flight to avoid quarantine. AXA confirmed it would cover curtailment and early flight costs. During the call, AXA said it wasn't sure whether hotel quarantine costs would be covered but it would email him to confirm. The agent confirmed the trip extension provided standard cover whilst Mr A remained abroad.

Having considered the discussions Mr A had with AXA, I agree that he was led to believe that quarantine costs would be covered. I don't think AXA's information was clear. But the policy terms are clear and there is no cover for quarantine costs. Mr A would always have needed to quarantine even if AXA hadn't given him incorrect information. So I can't hold AXA responsible for those costs.

Mr A says he could have flown an alternative route or stayed longer to avoid quarantine. But he also told AXA this was dependent on the quarantine programme.

I'm not satisfied that Mr A would or could have taken a different route or that he would have stayed abroad longer. By 15 February 2021, AXA confirmed quarantine costs weren't covered. By this date, Mr A could have cancelled the trip extension as he was still within 14 days or could have decided to make alternative arrangements if he wanted to avoid quarantine.

AXA accepts that its information could have been clearer when Mr A called to ask about quarantine costs. It had agreed to cover additional travel costs if Mr and Mrs A curtailed their trip, and got an earlier flight but they weren't able to do that. So AXA would have covered those travel costs as they would have been covered under the terms of the policy. But hotel quarantine costs aren't covered and so I can't fairly ask AXA to pay.

Overall, I think AXA's offer of £200 is fair and reasonable in all the circumstances for the unclear information it gave to Mr A and his disappointment as a result.

My final decision

For the reasons set out above, I direct AXA Insurance UK Plc to pay Mr and Mrs A £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 8 August 2022.

Shamaila Hussain
Ombudsman