

The complaint

Mrs K and Mr N complain that Mapfre Asistencia, Compania Internacional De Seguros y Reaseguros, S.A. (Mapfre) declined their travel insurance claims and about its service. My references to Mapfre include its agents.

What happened

In July 2019 Mrs K and Mr N booked a trip abroad with their children from 17 March to 21 April 2020.

On 11 March 2020 the World Health Organisation (WHO) declared Covid-19 to be a pandemic. On 13 March 2020 Mrs K and Mr N bought an annual travel insurance policy providing cover between 13 March 2020 and 12 March 2021. Mapfre was the insurer.

Mrs K and Mr N travelled as planned on 17 March 2020. On that date the Foreign, Commonwealth & Development Office (FCDO)(formerly the Foreign & Commonwealth Office (FCO)) advised against all but essential travel abroad due to the pandemic.

Mrs K and Mr N's original return flight for 21 April 2020 was cancelled shortly before they were due to return. They booked an alternative flight to the UK for 26 April 2020. They claimed on their policy for their losses relating to their enforced extended stay abroad and a medical expenses claim for treatment when they were abroad.

Mapfre wouldn't pay the claims. It said the claim for the additional costs due to the extended stay wasn't covered as the policy excluded claims relating to known events. Mapfre said Mrs K and Mr N had bought the policy on 13 March 2020 after Covid-19 had been declared a pandemic and the FCDO had been advising against all but essential travel to a growing number of countries. Although the FCDO hadn't advised against all but essential travel to the relevant country when Mrs K and Mr N bought the policy it was known that the pandemic was likely to cause disruption to travel plans, so it was a known event.

For the medical expenses claim Mapfre wanted to know the exact costs for the claim, which it said wasn't clear from the receipt Mrs K and Mr N provided. It said Mrs K and Mr N should provide an itemised list of costs and depending on the amount they may need to provide a medical report.

Mrs K and Mr N complained to us. They said when they took out the policy they weren't told they wouldn't be covered for costs relating to the pandemic. They were also unhappy with Mapfre's delay and poor communication about their claim.

Our investigator said Mapfre hadn't fairly relied on the 'known event' exclusion to decline the extended stay costs claim, but he thought that claim wasn't covered by the policy terms. He said Mapfre should assess the claim for medical expenses once Mrs K and Mr N had provided the supporting evidence it required. He recommended Mapfre pay Mrs K and Mr N £200 compensation for their distress and inconvenience due to its poor service.

Mapfre agreed our investigator's recommendation. Mrs K and Mr N didn't agree and want an ombudsman's decision. They said £200 wasn't enough given their claim of around £2,500 hadn't been paid. They thought they were fully covered by the policy and they'd had to wait a long time before Mapfre agreed to make any payment.

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 regulator's rules say that insurers must handle claims promptly and fairly. And they mustn't turn down claims unreasonably.

There are three parts to Mrs K and Mr N's complaint – the claim for additional expenses due to their extended stay, the medical expenses claim and Mapfre's service.

Claim for additional expenses due to the extended stay

The policy says under the 'general exclusions' section that Mapfre won't cover:

'Any claim related to a known event (see Definitions on page 14) that you were aware of at the time you took out this insurance and/or prior to the booking of any individual trip'.

The policy defines 'known event' as:

'A known event is an existing or expected publicly announced occurrence, such as a named tropical storm, a hurricane or a strike voted upon by union members'.

I've not seen any evidence from the airline about why it cancelled the original return flight but from what Mrs K and Mr N have said I think it's more likely than not the cancellation was due to the Covid-19 pandemic.

Mapfre hadn't excluded cover relating to the Covid-19 pandemic at the time Mrs K and Mr N bought their policy on 13 March 2020. And if on that date Mapfre considered the pandemic to be a 'known event', and so excluded from cover, it would have been fair for Mapfre to have made that very clear at the point of sale of the policy and in the policy documents. I've seen no evidence Mapfre did make that clear. So I don't think the reason Mapfre gave Mrs K and Mr N for declining the claim was reasonable.

However, Mrs K and Mr N's claim is for costs due to their extended stay abroad, so unless their policy provides cover for that situation Mapfre doesn't have to pay the claim. I've considered the policy terms. For an additional premium Mrs K and Mr N could have bought an optional upgrade to the policy called 'travel disruption cover'. That optional upgrade does provide cover for certain costs relating to an extended stay in some circumstances. Their insurance certificate shows Mrs K and Mr N did buy some additional options but they didn't buy the travel disruption cover option.

I'm sympathetic to the circumstances Mrs K and Mr N found themselves in but no travel insurance policy covers all risks. Mrs K and Mr N's policy terms and conditions sets out the contract of insurance between them and Mapfre. There is no cover under their policy for the costs they incurred due to their enforced stay. That means I can't reasonably say Mapfre should pay the claim for those costs.

Claim for medical expenses

I've seen no evidence that Mapfre declined the claim for medical expenses. It asked Mrs K and Mr N for more information about the claim. It's in line with the policy terms and reasonable for Mapfre to ask Mrs K and Mr N to provide details of all the medical costs they are claiming and they need to provide evidence to support their claim. Once they have provided Mapfre with the evidence it requires Mapfre should complete its assessment of the claim in line with the policy terms and conditions. If Mapfre then declines the claim Mrs K and Mr N can make a separate complaint to us on that separate matter.

Mapfre's service

I think there were some issues with Mapfre's service. It took several months for Mapfre to decline the extended stay costs claim for a reason which, as I've explained above, wasn't fair. So it's understandable that Mrs K and Mr N complained to us about Mapfre's decision. But it's clear that the extended stay costs claim isn't covered by Mrs K and Mr N's policy and Mapfre should have reasonably been able to reach that conclusion when it first assessed the claim.

Mapfre has now offered Mrs K and Mr N £200 to compensate for their distress and inconvenience caused by its poor service. Mrs K and Mr N say £200 isn't enough as the claim for their extended stay costs wasn't covered. But that's a completely separate matter. The claim wasn't covered by the policy terms. The £200 isn't a contribution towards those costs. It's a payment specifically to compensate Mrs K and Mr N for their distress and inconvenience caused by Mapfre's poor service. I think £200 is a reasonable amount.

Putting things right

Mapfre must pay Mrs K and Mr N £200 compensation for their distress and inconvenience caused by its poor service, as it's now offered.

My final decision

I partly uphold this complaint and require Mapfre Asistencia, Compania Internacional De Seguros y Reaseguros, S.A. to pay £200 compensation to Mrs K and Mr N for their distress and inconvenience due to its poor service, as it's now offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K and Mr N to accept or reject my decision before 30 September 2022.

Nicola Sisk
Ombudsman