

## **The complaint**

Mr and Mrs S are unhappy that ERGO Reiseversicherung AG declined a claim made on their travel insurance policy.

All references to ERGO include its representatives.

## **What happened**

In January 2020, Mr and Mrs S took out a worldwide, multi-trip, travel insurance policy underwritten by ERGO ('the policy'). The policy covered the period 31 January 2020 to 30 January 2021.

Mr and Mrs S departed for a prolonged trip abroad in February 2020. They'd planned to travel to many countries. In the middle of March 2020, Mr and Mrs S were in a country I'll refer to as 'A'. They'd pre-booked a flight to another country, which I'll refer to as 'F' which was due to depart 'A' on 21 March 2020. On 20 March 2020, whilst still in 'A', Mr and Mrs S were notified by the airline that the government of 'F' had announced that anyone flying from an overseas destination was required to self-quarantine for 14 days – staying in one place, avoiding contact with others and avoiding going out in public.

Mr and Mrs S had pre-booked to flight from F to another country which I'll refer to as 'U' on 28 March 2020 before returning to the UK on a flight from U on 1 April 2020.

So, if they took the flight from A to F, as planned, on 21 March 2020, not only would they have been required to stay in one place, they would've missed their flight to U and return flight to the UK.

Mr and Mrs S say they contacted ERGO for assistance on 20 March 2020. And having heard nothing back from it decided to book two return flight tickets to the UK from A rather than taking the flight to F on 21 March 2020. They ended up returning to the UK on 21 March 2020.

After they returned to the UK, Mr and Mrs S made a claim on the policy for the cost of the two return flight tickets back to the UK, the other flights they were unable to take after 20 March 2020 which they'd pre-booked and paid for and unused accommodation costs. The value of the claim is more than £3,000.

ERGO declined the claim on the basis that the circumstances which led to Mr and Mrs S cutting short their trip wasn't covered by the policy. Unhappy, Mr and Mrs S complained about that decision.

In its final response letter dated November 2020 ERGO maintained that Mr and Mrs S' claim wasn't covered under the curtailment section of the policy. However, it did say that Mr and Mrs S were entitled to claim under the disaster recovery section of the policy – up to a maximum of £500 each. It paid them £1,000 under this section of the policy.

Mr and Mrs S say ERGO should pay the claim made under the cancellation and curtailment

section of the policy.

Our investigator looked into what happened and upheld Mr and Mrs S's complaint. To put things right, she recommended that ERGO cover the value of the claim made under the cancellation and curtailment section of the policy and add simple interest at the rate of 8% per year.

Mr and Mrs S accepted our investigator's recommendation. ERGO didn't reply. So, this complaint was passed to me to decide. I issued my provisional decision explaining why I was also intending to uphold Mr and Mrs S's complaint. An extract of which appears below:

.....

"ERGO has an obligation to consider claims promptly and fairly. And it mustn't unreasonably decline a claim.

The cancellation and curtailment section of the policy (at pages 15 and 16 of the terms and conditions of the policy) sets out what is covered under this section. That includes "all irrecoverable deposits and payments for unused travel and accommodation charges which you have paid or are contracted to pay before the trip departure date, for which you are necessarily required to' if:

'you or any person with whom You have arranged to travel or stay being subject to compulsory quarantine ...during the period of insurance'

ERGO has said that compulsory quarantine would be applicable to the circumstances of this complaint if Mr and/or Mrs S had contracted Covid-19 and were unable to travel because they were self-quarantining.

However, the policy doesn't define compulsory quarantine. And in the absence of a definition, I'm satisfied that it's fair and reasonable to interpret this clause of the policy to include having to quarantine on the instruction of the government to help avoid the spread of Covid-19, upon arrival in that country, as is what happened here.

F's government announced on 20 March 2020 that anyone flying from an overseas destination and entering F were required to self-quarantine for 14 days – staying in one place, avoiding contact with others and avoiding going out in public. So, I'm satisfied it's fair and reasonable to conclude that had they'd travelled to F, Mr and Mrs S would've been subject to compulsory quarantine. And I think ERGO hasn't acted fairly and reasonably by not treating this as an insured event under the cancellation and curtailment section of the policy.

The cancellation and curtailment section goes on to list what isn't covered under that section of the policy and that includes, at clause 6:

'Government regulations (other than in respect of compulsory quarantine) or currency restriction or act, or omission or default of provider of transport or accommodation or of an Agent through whom the travel arrangements were made'

I'm satisfied that it was a result of government regulations that Mr and Mrs S would've been required to quarantine for 14 days upon arrival in F. However, as this exclusion expressly says it doesn't apply to government regulations in respect of compulsory quarantine, I don't think ERGO would be able to fairly and reasonably rely on this exclusion to decline the claim".

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I invited both parties to provide any further comments or information in response to my provisional decision. Both parties said they had nothing further to add.

### **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.

Because both parties had no further comments to make, my provisional thoughts about this complaint remain the same. So, for this reason, and for the reasons set out in my provisional decision – an extract of which is set out above - I uphold Mr and Mrs S's complaint.

### **Putting things right**

I direct ERGO to assess the claim as if it's covered as an insured peril under the cancellation and curtailment section the policy, subject to the remaining terms and conditions of the policy – including (but not limited to) the applicable excess – but not applying the government regulations exclusion set out above.

If ERGO pays the claim, I think it would be fair and reasonable in this case for ERGO to pay Mr and Mrs S simple interest at the rate of 8% per annum from the date on which the claim was initially declined to the date of which payment is made.

ERGO can also deduct from the total amount it pays Mr and Mrs S (with interest), the sum of £1,000 it paid to them under the disaster recovery section of the policy (pages 22 and 23 of the terms and conditions of the policy).

### **My final decision**

I uphold Mr and Mrs S's complaint. I direct ERGO Reiseversicherung AG to put things right by doing what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 15 August 2022.

David Curtis-Johnson  
**Ombudsman**