

The complaint

Mr and Mrs B are unhappy Aspen Insurance UK Limited didn't confirm whether it would cover a cancellation claim they made on their wedding insurance. As a result they incurred costs in pursuing the matter in court.

What happened

Mr and Mrs B have wedding insurance with Aspen taken out in March 2020. They were due to get married in April 2021. Covid-19 restrictions in their part of the UK meant only five people would have been able to attend the ceremony. The venue offered alternative dates but these weren't suitable for Mr and Mrs B. As it wouldn't offer a refund they decided to pursue a court claim against the venue. They say they didn't claim on their policy because guidance on Aspen's website said they should take court action if their wedding was affected by Government restrictions.

In June 2021 Mr and Mrs B contacted Aspen to make a claim as the website guidance had changed. Aspen asked for further information later that month and said it couldn't guarantee the success of the claim until that had been received. Mr and Mrs B say they responded in a timely manner. At the start of August, Aspen asked for further information on their court case and whether this had been cancelled or closed. Mrs B said to cancel the claim she'd need confirmation Aspen was prepared to pay the claim in full. She asked for a prompt response as there was a discussion with court representatives and the other side scheduled for 12 August.

Aspen didn't respond to that email and the case progressed. Settlement was agreed on 13 September with the venue agreeing to pay £3000 to Mr and Mrs B in full and final settlement. Mrs B contacted Aspen and asked it to pay the court fee she'd incurred, an £80 shortfall in the claim amount and £2280 in recognition of the time she'd put into pursuing the case. Aspen agreed to cover the court fee and the shortfall. It also agreed a payment of £300 for distress and inconvenience. But it didn't agree to cover Mrs B's time in pursuing the claim.

Our investigator agreed Aspen didn't need to cover that part of Mrs B's claim. But she thought the distress and inconvenience payment should be increased to £500. Aspen agreed to do that. Mrs B remained unhappy. She said Aspen hadn't responded to the queries she raised and so she didn't know how pursuing the court case would impact the insurance claim. So I need to reach a final 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.

First, I don't think Aspen was responsible for Mr and Mrs B's initial decision to pursue court action rather than making a claim on their policy. The website guidance didn't say they'd need to take court action if their wedding was cancelled as a result of government act or regulation. It did say this "*may*" mean the claim is excluded from cover. But the guidance also said each claim would be reviewed on its individual circumstances and merits. So it remained open to Mr and Mrs B to have made a claim on their policy. And if that had been declined by Aspen they could have complained and brought the matter to our service for an independent review.

After they did make a claim in June 2021 Aspen initially responded promptly and requested relevant further information from Mr and Mrs B in support of this. I think it was reasonable of it to then query the position in relation to the ongoing court action at the start of August as the outcome of that process could impact any payment Mr and Mrs B might receive from their insurance policy (which only covers irrecoverable costs).

However, I do think there was then a failing by Aspen. It didn't respond to the query Mrs B raised about whether her claim would be paid if she decided not to pursue the court action. And I appreciate that in the absence of a response from Aspen Mrs B might have felt she had little option but to pursue the court process given she had an upcoming discussion with court representatives and the other side a week later.

But even if Aspen had provided a response at that time I don't think it would have made a difference to the position Mrs B was in. It had previously told Mrs B it was unable to guarantee the outcome of her claim. That's in line with the revised guidance on its website which says although the 'government act' exclusion would no longer be applied claims would nevertheless be assessed against the remaining terms and conditions of the policy. And it doesn't appear Aspen was in a position at the start of August to confirm to Mr and Mrs B what the outcome of their claim would be.

That means even if had responded Mrs B would still have been faced with the same difficult choice as to whether to pursue court action or wait for the outcome of the claim process (and risk finding herself with nothing if that was unsuccessful). Her email in early August expressed concern about exactly that issue. I think it likely she'd only have decided against pursuing court action if Aspen had given an assurance the claim would be paid. And I don't think that's something it would reasonably have been in a position to do at that time. So I think she'd still have pursued the court route meaning the costs she's now claiming for would have been incurred even if Aspen had responded to her.

However, I do agree Aspen's failure to respond to Mrs B will have caused her distress and inconvenience. Following her early August email she doesn't appear to have had a response from Aspen until 21 October and that email in itself didn't fully address the points she was raising. I think that will all have caused her unnecessary uncertainty at what was a difficult time given the ongoing legal action she needed to prepare for. But having taken all of that into account I think the £500 our investigator recommended (and which Aspen has now agreed to pay) is a reasonable way of recognising the impact on Mr and Mrs B of what happened as a result of what it got wrong.

My final decision

I've decided to uphold this complaint. Aspen Insurance UK Limited will need to put things right by paying Mr and Mrs B £500. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 17 November 2022.

James Park
Ombudsman