

The complaint

Mr and Mrs S complain about Saga Services Limited's service and that it wrongly recorded their travel insurance claim.

What happened

Mr and Mrs S had an annual multi trip travel insurance policy, Saga was the broker. The policy was insured by a different business and another business dealt with the claim on the insurer's behalf.

Mr and Mrs S were due to go on a package holiday in mid July 2020. On 17 March 2020 the Foreign, Commonwealth & Development Office (FCDO) (formerly the Foreign & Commonwealth Office (FCO)) advised against all but essential travel abroad because of Covid-19. On 28 March 2020 Mrs S emailed Saga for advice on whether she should pay the balance of the holiday cost, due on 17 April 2020, and whether the travel insurance would cover the full amount if the travel provider cancelled the holiday.

On 31 March 2020 Saga responded. Mr and Mrs S say Saga told them that if they paid further money towards the holiday while the FCDO advice was in place it would be at their own risk. They say they took Saga's advice and didn't pay the balance of the holiday cost so the holiday was cancelled. They claimed on the policy for the lost deposit cancellation cost.

The insurer declined the claim. It referred to the policy exclusion about claims caused by 'disinclination' to travel. And it said as the airline didn't resume flights to Mr and Mrs S' holiday destination until after their holiday date it was likely the travel provider would have cancelled the trip. That meant if Mr and Mrs S had paid the full amount for the package holiday the travel provider would have given them a full refund.

Mr and Mrs S complained to us that they cancelled their holiday on Saga's advice but then their claim wasn't covered. Also at policy renewal they found out the claim had wrongly been recorded as a medical claim. They'd asked Saga to put the correct reason for the claim but it hadn't responded. They want Saga to pay their claim and for the claim record to be changed so that it didn't refer to a medical claim.

Saga said it didn't tell Mr and Mrs S to cancel their holiday and just told them of the risks in continuing to make payments for the holiday.

Our investigator said Saga wasn't responsible the claim decision or the way the claim was recorded, which was the insurer's responsibility. Mr and Mrs S could make a separate complaint about those two matters against the insurer if they wanted to.

As to Saga's role, our investigator didn't think it advised Mr and Mrs S to cancel their holiday. But he said that in response to Mrs S' query Saga should have told them that any cancellation by the travel provider would have been covered by The Package Travel and Linked Travel Arrangements Regulations 2018 (PTR). Under PTR if the travel provider cancelled the holiday due to the Covid-19 it would have refunded the holiday cost to Mr and Mrs S. But if Mr and Mrs S cancelled the trip the PTR didn't apply. Our investigator said at the very least Saga should have directed Mr and Mrs S to the insurer to discuss the cover under the policy so they could make an informed choice about cancelling their holiday. Our

investigator recommended Saga pay Mr and Mrs £100 compensation for their distress and inconvenience due to its service.

Saga disagrees and wants an ombudsman's decision. It said it shouldn't be expected to confirm if a specific claim would or wouldn't be covered under the policy as that wasn't its responsibility or expertise. Mr and Mrs S could have found the contact number for the insurer in the policy documents and its website if they were considering making a claim. It also said it had told Mr and Mrs S that if a travel provider cancelled the trip the provider should issue a full refund.

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.

Our investigator correctly explained that Saga wasn't responsible for the claim decision or how the claim was recorded so I haven't considered those two matters in this decision about Saga.

I don't think Saga was responsible for telling Mr and Mrs S if their claim would be covered. But Saga sold the policy, which was its own branded policy, and I think it's reasonable for Saga to have a good level of understanding of the policy and general understanding of the PTR.

Mr and Mrs S contacted Saga setting out their travel provider, the holiday date and when the balance payment was due. They asked Saga:

'Should we go ahead and pay this and will the full amount be covered by our travel insurance if the travel company cancels the holiday?'

Saga responded:

'Current Foreign and Commonwealth Office advice is against all travel. In normal circumstances, if a travel provider is unable to fulfil an arranged trip, a full refund should be issued or some may offer another trip as an alternative. Paying further monies towards these trips while FCO advise against travel would be done so at your own risk. This means you may be out of pocket in the event the trip is cancelled and your travel company are unable to refund your payments'.

I wouldn't expect Saga to answer whether Mr and Mrs S should pay the remaining balance, that's their decision. And I don't think Saga advised Mr and Mrs S to cancel the holiday.

However, I think Saga didn't clearly answer the question Mr and Mrs S asked about the travel provider. Saga said it told Mr and Mrs S that if the travel provider cancelled the trip it should issue a full refund. But Saga's response to Mr and Mrs S didn't give them that clear and important information. Mrs S highlighted in her letter to the insurer that Saga had only told her about 'normal circumstances' and I accept that Mr and Mrs S could reasonably understand Covid-19 wasn't 'normal circumstances'. I think it would have been reasonable for Saga to have given Mr and Mrs S clearer information about the travel provider's obligations under the PTR and the consequences if Mr and Mrs S cancelled the holiday, which is that the travel provider wouldn't have to pay any refund.

If Saga's representative didn't know how to clearly answer Mr and Mrs S' query it would have been reasonable for it to have directed them to the insurer. Saga said the insurer's contact numbers were in the policy and on its website. But Mr and Mrs S contacted Saga with the query and they could reasonably expect it to provide an informed response or direct them to the insurer for a response.

As I've said, I don't think Saga is responsible for Mr and Mrs S cancelling their trip. But if Saga had given them clear information about the travel provider's obligations under the PTR, as I think it should have done, then Mr and Mrs S would have had the relevant information when deciding whether to cancel the trip. They may not have cancelled trip, and even if they would have still cancelled they would have done so knowing the consequence of their decision and wouldn't have been so upset by the insurer's decline of their claim.

Putting things right

In all the circumstances I think it's reasonable for Saga to pay Mr and Mrs S £100 compensation for their distress and inconvenience its poor service caused.

My final decision

I partly uphold this complaint and require Saga Services Limited to pay Mr and Mrs S £100 compensation for their distress and inconvenience its poor service caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 7 December 2022.

Nicola Sisk
Ombudsman