

## **The complaint**

Mr and Mrs W complain about how Hiscox Insurance Company Limited dealt with a claim against their travel insurance policy.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them again here in full. In summary, Mr and Mrs W have travel insurance as part of an annual portfolio insurance policy. The policy relevant to this complaint started in March 2021 and ended in March 2022.

Mr and Mrs W booked a family trip. Their departure date was 25 July 2021 and their original plan was to spend until 1 August 2021 on a flotilla sailing trip then from 1 August 2021 to 8 August 2022 on an island.

On 29 July 2021, during their sailing trip, Mr and Mrs W's daughter, Miss W, had a positive lateral flow test for Covid-19. Mr and Mrs W and family returned to the marina and Miss W took a PCR test, which was also positive. Mr and Mrs W and their family were required to quarantine on a boat in the marina from 29 July 2021 to 7 August 2021.

Mr and Mrs W say that their boat didn't leave the marina and their children weren't allowed to leave the boat, as they weren't vaccinated. As Mr and Mrs W were vaccinated, they were allowed to leave the boat to purchase food and essential items. They changed boats on 30 July 2022, at the request of the trip provider and the same quarantine requirements applied.

Mr and Mrs W rearranged the island part of their trip but had to reduce it from seven to five days. The island part of their trip was now from 8 August 2021 to 12 August 2021. So, Mr and Mrs W returned home after the return date they had originally planned.

Mr and Mrs W made a claim against their policy for the cost of lateral flow and PCR tests, non-refundable expenses in relation to the part of their trip on the island and £4,984.57 in relation to four days of their sailing trip.

Hiscox settled Mr and Mrs W's claim in part but didn't pay for the loss of four days of the sailing trip. It said that Mr and Mrs W had used the boat for the full duration of the trip, so the accommodation and travel costs weren't unused. Mr and Mrs W didn't think that was fair and pursued their complaint to this service. Hiscox subsequently offered Mr and Mrs W £1,600 under the cabin confinement benefit on a without prejudice basis. Mr and Mrs W want Hiscox to pay the balance of their claim.

One of our investigators looked at what had happened. She said that Mr and Mrs W's trip wasn't curtailed, as they didn't return home early. The investigator said that whilst Mr and Mrs W didn't experience the trip they'd planned, they didn't have unused travel and accommodation costs in relation to the sailing trip. She didn't think that Hiscox acted unfairly in declining part of Mr and Mrs W's claim.

Mr and Mrs W didn't agree with the investigator. Mr W responded to say:

- The “*insured trip*” was the flotilla sailing trip. Quarantining on a boat isn't the same as being on an insured trip, so Hiscox should settle their claim for unused travel, accommodation and pre-booked activities and excursions that they paid for but couldn't use.
- It's counter intuitive to say that their “*insured trip*” wasn't curtailed because they went on to spend five days of their planned island holiday and went beyond their original return date, as they were unable to curtail their trip because they were in quarantine, which is an insured peril under the policy.
- They weren't able to enjoy the benefit of their original “*insured trip*” due to quarantining, so are out-of-pocket for the cost of the flotilla sailing trip.
- They are prepared to accept £1,800 in full and final settlement of the matter.

As there was no agreement between the parties the complaint was passed to me to decide.

### **My provisional decision**

On 26 August 2022, I sent both parties my provisional decision in this case, in which I indicated that I intended to uphold the complaint. I said:

- *“Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it's willing to cover and set these out in the terms and conditions of the policy document. The onus is on the consumer to show that the claim falls under one of the agreed areas of cover within the policy.”*
- *I've set out above the policy's definition of an “insured trip”. Mr and Mrs W's “insured trip” was from 25 July 2021, when they left their home, to 12 August 2021, that is, the date they arrived back at their home. I don't agree that the “insured trip” here was only the flotilla sailing trip.*
- *The policy covers Mr and Mrs W cancelling or cutting short a trip where that's necessary because of being put in quarantine. Hiscox hasn't disputed that Mr and Mrs W and their family quarantined. And in these circumstances, Hiscox will pay for unused travel, accommodation and pre-booked activities and excursions*
- *The cancellation provisions don't assist Mr and Mrs W here, as they apply prior to the commencement of the insured trip, so before 25 July 2021. The curtailment provisions apply when a trip is cut short. That's not what happened here. In fact, Mr and Mrs W's trip was extended as they originally intended to return on 8 August 2021 but returned home on 12 August 2021.*
- *I'm satisfied that Mr and Mrs W's trip wasn't curtailed, as defined by the policy. So, Hiscox was entitled to decline part of their claim. But I've gone on to consider whether that leads to a fair and reasonable outcome. In doing so, it's important to note that the policy doesn't cover loss of enjoyment. I'm looking at whether Mr and Mrs W's trip was effectively curtailed by what happened here.*
- *The circumstances of this complaint are slightly unusual. The trip Mr and Mrs W originally planned went from 25 July 2021 to 8 August 2021 and included two parts: a flotilla sailing trip followed by a stay on an island.*

- *The dominant purpose of the flotilla sailing part of the trip was to participate in a specified activity, namely cruising with a skipper on board, a lead crew in another boat and in the company of other boats. I understand there'd be a set sailing route, mooring at several destinations and sociable evening activities.*
- *Mr and Mrs W couldn't participate in the flotilla sailing trip from 29 July 2021 until 1 August 2021. Their experience of being on a boat in a marina for 10 days with only Mr and Mrs W being allowed to leave the boat for essential purchases fell very far short of what they'd planned for this part of their trip. In the particular circumstances here, Mr and Mrs W's quarantine meant that the flotilla sailing trip was effectively curtailed on 29 July 2021.*
- *I don't think it's fair or reasonable for Hiscox to decline part of Mr and Mrs W's claim on the basis that they used the boat for the duration of their planned flotilla sailing trip. I think it's fair and reasonable for Hiscox to treat the flotilla sailing part of Mr and Mrs W's trip as effectively curtailed on 29 July 2021 until 1 August 2021. So, I propose to direct Hiscox to deal with the remaining part of Mr and Mrs W's claim under the curtailment provisions of the policy.*
- *The amount in dispute when Mr and Mrs W brought their complaint to this service was £4,984.57, which related to four days loss of the flotilla sailing trip. Hiscox has made a goodwill payment of £1,600 under the cabin confinement provisions in relation to cruise cover. Obviously, those provisions are not strictly applicable here as Mr and Mrs W were not on a cruise and were not confined by a ship's medical officer. Hiscox can take that payment into account when it deals with the remaining part of Mr and Mrs W's claim under the curtailment provisions.*
- *Mr W has referred to the balance of his claim as £3,659.57 but it appears to me to be £3,845.57 (£4,984.57 less £1,600). It's not clear to me how Mr W has reached the higher amount. If he wishes to rely on that figure, he should explain why, and I'll consider the matter further before coming to my final decision.*
- *For the reasons I've explained, I intend to uphold Mr and Mrs W's complaint and direct Hiscox to deal with their remaining claim under the curtailment provisions, taking into account the payment of £1,600 it has already made. As Mr and Mrs W have been kept out of the use of the balance of their claim, Hiscox should also pay interest on this amount at the simple rate of 8% per year from the date Mr and Mrs W made the claim to the date Hiscox makes payment."*

## **Responses to my provisional decision**

Mr W responded to say that he accepted my provisional decision. We received no response from Hiscox.

## **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.

Neither Mr and Mrs W nor Hiscox have provided any substantive comment on the conclusions I reached in my provisional decision. I see no reason to depart from those conclusions.

For the reasons I explained, I think it's fair and reasonable for Hiscox to treat the flotilla sailing part of Mr and Mrs W's trip as effectively curtailed on 29 July 2021 until 1 August 2021. So, Hiscox should deal with the remaining part of Mr and Mrs W's claim under the curtailment provisions of the policy, taking into account the payment of £1,600. it has already paid and paying interest on the settlement amount.

### **Putting things right**

In order to put things right, Hiscox should deal with Mr and Mrs W's remaining claim under the curtailment provisions, taking into account the payment of £1,600 it has already made. As Mr and Mrs W have been kept out of the use of the balance of their claim, Hiscox should also pay interest on this amount at the simple rate of 8% per year from the date Mr and Mrs W made the claim to the date Hiscox makes payment.

### **My final decision**

My final decision is that I uphold Mr and Mrs W's complaint. Hiscox Insurance Company Limited should now take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W and Mr W to accept or reject my decision before 14 October 2022.

Louise Povey  
**Ombudsman**