

The complaint

Mr N complains that AWP P&C SA turned down a cancellation claim he made on a travel insurance policy.

What happened

Mr N booked a trip abroad. He was due to travel in December 2021. In October 2021, he took out a travel insurance policy through a broker, which was underwritten by AWP.

Unfortunately, shortly before he was due to travel, Mr N tested positive for Covid-19. So he cancelled his holiday and made a claim on his travel insurance policy for costs associated with the cancellation costs of the trip.

AWP turned down the claim. It stated that the policy specifically excluded claims caused by Covid-19. So it said that Mr N's claim wasn't covered by the policy terms.

Mr N was unhappy with AWP's decision and he asked us to look into his complaint. He said that when he took out the policy, he was assured that he'd be covered for Covid-19 related claims.

Our investigator thought it'd been fair for AWP to turn down Mr N's claim. She explained that AWP hadn't sold the policy to him, so it wasn't responsible for anything that had happened at the point of policy sale. And she noted that the policy explicitly excluded claims related to Covid-19. So she didn't think the claim was covered.

But the investigator thought that it should've been clear to AWP that Mr N's claim wasn't covered from the start. Instead, it'd asked him for information and put him to some time and inconvenience in doing so. Therefore, she thought AWP should pay Mr N £50 compensation.

As AWP didn't let us know whether or not it accepted this recommendation, the complaint was passed to me to decide.

It's important that I make it clear that this decision will only consider AWP's handling of this claim. I appreciate Mr N feels he was given wrong and misleading information when the policy was sold to him. But as our investigator explained, AWP didn't sell the policy. Mr N took out the policy through a broker, which is an entirely separate legal entity, and which is regulated by the industry regulator in its own right. If Mr N wishes to make a complaint about the sale of the policy, he'll need to get in touch with the broker which sold it to him.

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.

Having done so, while I think it was fair for AWP to turn down this claim, I don't think it handled the claim as well as it should've done, and I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And

they mustn't turn down claims unreasonably. So I've considered, amongst other things, the terms of Mr N's policy and the circumstances of his claim, to decide whether AWP treated him fairly.

I've first considered the policy terms and conditions, as these form the basis of Mr N's contract with AWP. Mr N provided evidence of a positive PCR test, which showed he'd contracted Covid-19 and was therefore unable to travel. The cancellation section of the policy *does* cover a policyholder's illness and I accept that Mr N had been diagnosed with an illness.

However, the policy also sets out a list of defined events which AWP has specifically chosen to exclude from policy cover. Page 14 of the policy says that AWP won't for any claims which are caused directly or indirectly by:

'Coronavirus disease (Covid-19) or any mutation of the disease.'

It's clear, based on the evidence I've seen, that the reason Mr N had to cancel his trip was because he'd caught Covid-19. And therefore, I don't think it was unfair for AWP to conclude that his claim wasn't covered by the policy terms. It follows that I think it was reasonable for AWP not to accept or pay Mr N's claim.

With that said, I think it should've been clear to AWP that the claim wouldn't be covered at the point Mr N first contacted it. And his claim could've been turned down at an early stage, with no potential loss of expectation. Instead, he was asked to provide additional information in support of his claim, which AWP acknowledged was unnecessary. I can see he also contacted AWP to discuss its request before he was ultimately told why his claim wouldn't be paid. I think then that Mr N was put to some inconvenience and likely suffered a small loss of expectation when he learned that the claim wasn't covered. And so I agree that it would be fair for AWP to pay Mr N £50 compensation to reflect the impact its handling of the claim likely had on him.

My final decision

For the reasons I've given above, my final decision is that AWP didn't handle Mr N's claim fairly.

I direct AWP P&C SA to pay Mr N £50 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 11 November 2022.

Lisa Barham
Ombudsman