

The complaint

Ms W is unhappy that Mapfre Asistencia, Compania Internacional De Seguros y Reaseguros, S.A. (Mapfre) declined a part of her travel insurance claim.

What happened

Ms W took out an annual multi-trip travel insurance policy on 24 January 2020 to cover a two-month trip to Asia and Australia. The policy was underwritten by Mapfre.

Along with associated travel costs, Ms W booked her trip using two tour providers, who I will call S and T for the purposes of this decision. She departed on 9 February 2020 and started her tour with S on 11 February 2020. On 10 March 2020, Ms S was denied entry to one of the countries due to restrictions introduced by the country's government in response to the escalation of the Covid-19 pandemic. At this point, Ms W's entire trip had to be cut short and the tour with S hadn't been fully completed either.

On 11 March 2020, the World Health Organisation (WHO) declared Covid-19 a pandemic, and on 17 March 2020 the UK's Foreign and Commonwealth Office (FCO), now the Foreign, Commonwealth and Development Office (FCDO), advised against all but essential travel abroad.

Ms W returned to the UK on 18 March 2020. She submitted a claim with Mapfre for the following:

- Her return flight to the UK.
- The unused portion of the tour with S.
- The full cost of her unused tour with T.
- Additional accommodation costs.
- An unused internal flight cost.
- Additional baggage costs.
- A pair of sunglasses that were lost/stolen.

Mapfre responded and settled the claim for the following:

- Additional accommodation costs.
- The unused internal flight cost.
- Baggage costs.

Mapfre declined the claim for the following:

- Return flight to the UK because Ms W hadn't previously purchased a return flight so this cost wouldn't be covered under the policy.
- The cost of the unused portion of the tour with S and the unused cost of the tour with T because Ms W had received a credit from the providers for the tours to be used at a future date. Mapfre said therefore the cost of the tours were seen to be recoverable and this wasn't covered under the policy.
- The cost of the glasses.

Unhappy with Mapfre, Ms W raised a complaint but didn't receive a final response within the expected eight weeks, so she brought her complaint to this service.

Our investigator initially partially upheld the complaint as Mapfre hadn't provided any of the requested information. She said the cost of the return flight to the UK wasn't covered under the policy. And, she said Mapfre's decline in regard to the claim for the tours and the sunglasses hadn't been evidenced, therefore these items had been declined unfairly. So, she recommended Mapfre settle the claim for these costs.

Our investigator also recommended that Mapfre pay Ms W compensation of £150 for the distress and inconvenience caused for the delays and the lack of communication during the course of the claim-handling and the poor service received.

On 25 May 2022, Mapfre responded. It didn't agree with the investigator's findings and said regarding the credit vouchers provided from the tour providers that it would require confirmation that they have either now offered a refund or are redacting their offer of the voucher. It also provided a copy of Ms W's policy document.

Our investigator followed up with her further findings to both parties. She partially upheld the complaint, but her reasons were slightly different.

She said under the terms and conditions of Ms W's policy, the cost of the tours had been seen to be recoverable. She thought these weren't unreasonably restrictive and didn't think this part of the claim had been declined unfairly by Mapfre.

She recommended the claim for the sunglasses be considered in line with the terms and conditions of Ms W's policy. And, she remained of the opinion that Ms W had received poor service in the way the claim had been handled and said she recommended Mapfre pay Ms W £150 compensation.

Mapfre responded and accepted the investigator's findings.

Ms W didn't agree and asked for the complaint to be passed to an ombudsman. So, it's been passed to me. In summary, Ms W said the following:

- Her circumstances haven't been considered.
- The trip she booked was in between her finishing her master's degree and starting a job and full-time career. The trip had been funded from an inheritance she'd received.
- The trip didn't transpire into what she'd intended, and her situation is now completely different whereby she's entered into a career and it's not feasible to leave this to take advantage of the credit vouchers from the tour providers. Her job role and contract have limitations.
- In order to make use of the credit vouchers, she would have to travel a distance and she cannot take the time off for so many days that the tours have included within them. The tours were purchased when she was intending to go travelling for a few months which she's now unable to do.
- She would either have to leave her job to go travelling again or stay in the job and lose the money she paid for the tours in 2020.
- While the vouchers have been extended, there is no possibility for her to travel in the way she had intended in February 2020.

I issued a provisional decision on 8 September 2022 and I said the following:

I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

Industry rules and guidance set out by the regulator say an insurer should handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules and guidance into account when deciding what I think is fair and reasonable in the circumstances of Ms W's complaint.

Was the claim covered by the cancellation and cutting short your holiday section of the policy?

I've first turned to consider the terms and conditions of Ms W's policy, as these form the basis of her contract with Mapfre.

Page 18 of the policy booklet sets out the terms for what's covered when a trip is cancelled or cut short. This says:

"A - Cancelling and cutting short your holiday

What you are covered for

If you have to cancel or cut short your holiday because of one of the reasons listed below we will pay up to the amount shown in the table of benefits on pages 5 and 6 for:

- Travel and accommodation expenses that you have paid or have agreed to pay under a contract and which you cannot get back, including any local prepaid excursions, tours or activities, if it is necessary and you cannot avoid cancelling or cutting short your trip; and*
- Reasonable extra travel costs if it is necessary and you cannot avoid cutting short your trip.*

The following are reasons we will accept for you cancelling or cutting short your trip:

9. You cannot commence travel to your intended destination due to the (FCO) Foreign and Commonwealth Office advice for your destination/location changing to as a minimum 'all but essential travel' after the purchase of your policy or after the booking of any individual trip, whichever is the latter. This also applies to where such FCO advice changes are announced after you have commenced your trip/holiday."

Based on the above, advice from the FCO against all but essential travel is listed as a reason for cancelling and cutting short a holiday.

In this case, there's no dispute that at the time Ms W was travelling, there was FCO advice against all but essential travel abroad. I've seen copies of the bookings made so I'm satisfied they were all made. It seems to me therefore the claim falls within the scope of this cover.

Claim for cost of the tours

The issue in this case is that Mapfre says it declines the claim because the cost of the tours was shown to be recoverable.

So, in common with most (if not all) travel insurance policies on the market, Ms W's policy doesn't provide cover for costs that can be recovered from elsewhere.

I can see Ms W was offered a credit voucher from S which has been extended and is now valid until 31 March 2024. And, I've also seen confirmation from T which says the credit voucher was offered and has now been extended until 31 December 2024.

Generally, unless the terms of a credit voucher are unreasonably restrictive and/or a consumer has exceptional circumstances; I'd consider a credit voucher to mean the policyholder has recovered their costs from elsewhere.

However, in the circumstances of Ms W's case, she has provided evidence to show the credit vouchers are particularly limiting and why it isn't possible for her to use the vouchers. She's explained that the trip was a one-off and one she planned in between her master's degree and starting a career. The trip she had to cut short was planned for two months and her situation has now changed which means that she can't take the time off work and she can't leave either. Ms W has provided information which shows that her employer only allows annual leave for a maximum of two weeks. And, if she wanted to take more leave, it would be on a case by case basis. And, even if she wanted to take more than two weeks, she couldn't take two months off and isn't in a position financially to do this. She explained that it's not possible for her to take the trip in the way she had intended in February 2020.

I've seen evidence of the communication between Ms W and tour providers. There's nothing in this which suggests the vouchers are transferrable and, even if they were, Ms W says she has no-one who would want to take two months off and go on those specific tours. I think, therefore, in the specific circumstances of this case, the terms are restrictive to Ms W as it wasn't an ordinary, one- or two-week trip that she'd booked but a one-off.

Taking everything into account, and in the circumstances of this complaint, I don't think it was reasonable for Mapfre to consider the offer of the credit vouchers from the tour providers as meaning Ms W had recovered her costs from elsewhere. In any event, I'm satisfied, from what she has told us, that it's highly unlikely Ms W will ever be able to use the vouchers in the way they had been intended. While the credit vouchers have expiry dates of 31 March 2024 and 31 December 2024, I can't see that they are transferrable. And even if they were, it's unlikely anyone would be able to use them in the way they were intended and for the time period that was originally set for their use.

Additionally, my understanding is that Ms W has taken all reasonable steps to mitigate her other losses from her bank but has been unsuccessful in doing so.

I'm satisfied therefore that Ms W's claim for the cost of the tours has been declined unfairly by Mapfre. So, I think it would be fair and reasonable in the circumstances for Mapfre to accept Ms W's claim for these, subject to the terms and conditions of the policy, minus any excess.

Claim for sunglasses

Ms W submitted a claim for sunglasses which she says were taken from her bag. Our investigator recommended in her findings that Mapfre ought to assess the claim under the relevant terms and conditions of the policy as this has never been responded to. Mapfre accepted the investigator's findings and therefore, it should, if it hasn't already done so, assess the claim for Ms W's lost/stolen sunglasses.

Claim for return flight to the UK

Ms W has said our investigator failed to address the issue that Mapfre has declined to provide cover for the cost of the return flight to the UK.

I don't agree that our investigator failed to address this. She explained that she didn't think it was fair for Mapfre to cover this aspect of the claim as she never paid for a return flight to the UK. The flight wasn't pre-booked and paid for and therefore under the terms and conditions of the policy, there is no cover for this. This is a cost that Ms W would always have had to pay for when she returned to the UK regardless of whether she had to cut her trip short or not.

I'm satisfied therefore that Mapfre hasn't unfairly declined the claim for the cost of the return flight. I don't require Mapfre to do anything further on this aspect of the claim.

Compensation for distress and inconvenience

I agree with our investigator that £150 compensation should be paid to Ms W for the poor service Mapfre has provided in the handling of her claim. I think this is fair and reasonable and I note that Mapfre has also accepted this finding and recommendation from our investigator.

Conclusion

In all the circumstances of the complaint, I think it would be fair and reasonable for Mapfre to accept Ms W's claim for the tours under the cancellation and cutting short her trip section of the policy subject to the policy terms and conditions.

I also think the claim for sunglasses ought to be assessed in line with the relevant policy terms and conditions.

I agree that £150 compensation is fair and reasonable for the poor service Mapfre provided.

And, finally, I don't think the claim for the return flight to the UK has been declined unfairly by Mapfre and so it doesn't need to anything further on this aspect.

Mapfre needs to put things right and do the following:

- Accept Ms W's cancellation/cutting the trip short claim, subject to any applicable policy excesses and/or limits, together with any interest at 8% simple per annum from the date of the claim until the date the settlement is paid.*
- Assess the claim for Ms W's lost/stolen sunglasses as per the terms and conditions of the relevant section of the policy.*
- Pay £150 compensation.*
- If Mapfre considers that it's required by HM Revenue and Customs to deduct income tax from that interest, it should tell Ms W how much it has taken off. It should also give Ms W a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue and Customs if appropriate.*

Ms W responded and accepted my provisional decision.

Mapfre responded and said if the voucher lasts until March and December of 2024 (18 and 27 months away), Ms W should confirm with absolute certainty that the vouchers will not be used in that time. The vouchers are still in effect until these dates which seems unfair as her circumstances may change in that time. This would mean Ms W could have a refund and make use of the vouchers simultaneously. As previously advised, Mapfre said it had agreed to consider this part if the vouchers were rescinded, which does not seem unreasonable.

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.

I've considered the further comments that Mapfre has provided.

It says the vouchers would still be available to Ms W for use and she still has enough time left on them for her to be able to use them in the future. This would mean Ms W would have a refund and make use of the vouchers simultaneously. Mapfre also says, as previously advised, it had agreed to consider this part of the claim if the vouchers were rescinded by the providers, which doesn't seem unreasonable.

I appreciate Mapfre's comments and I've considered these carefully. I've provided the reasons in my provisional decision as to why my intention was to partially uphold the complaint. Having done so, I see no reason to depart from my provisional findings.

For completeness, however I'll summarise what I think as Mapfre's response to me refers to the point regarding the vouchers offered by the tour providers.

I understand Mapfre's comments that the tour providers haven't rescinded their offers of the vouchers. And that they have extended the dates by which they can be used. However, Ms W has gone as far as providing evidence from both the tour providers that their offer of the credit vouchers has been rescinded. So, Ms W can no longer use these vouchers and she has shown evidence that they've been cancelled by both tour providers.

Going back to the reasons provided in my provisional decision for partially upholding the complaint, I'm satisfied that Ms W won't benefit from the potential use of the vouchers as well as the settlement of the claim. In Ms W's specific circumstances, I don't think it was reasonable for Mapfre to consider the offer of the credit vouchers from the tour providers as meaning Ms W had recovered her costs from the tour providers. I think Ms W's circumstances are exceptional. Ms W explained that her circumstances meant that it was highly unlikely she would be able to use the vouchers for the time period they were intended or be able to take a longer trip as she has started a job which doesn't allow leave longer than two weeks and these are only approved in exceptional circumstances. She has provided evidence of this and I'm satisfied that she has shown the trip for a longer period and to a further distance isn't feasible in her circumstances.

As I've said above, I'm satisfied, from what Ms W has told us, that it's highly unlikely she was ever going to be able to use the vouchers in the way they had been intended. But, in addition to that, she's provided further evidence that the vouchers are no longer open for her use at a future date and that they've been cancelled.

In all the circumstances of the complaint, therefore, I think it would be fair and reasonable for Mapfre to accept Ms W's claim for the tours under the cancellation and cutting short her trip section of the policy subject to the policy terms and conditions.

Putting things right

Mapfre needs to put things right and do the following:

- Accept Ms W's cancellation/cutting the trip short claim, subject to any applicable policy excesses and/or limits, together with any interest at 8% simple per annum from the date of the claim until the date the settlement is paid.
- Assess the claim for Ms W's lost/stolen sunglasses as per the terms and conditions

of the relevant section of the policy.

- Pay £150 compensation.
- If Mapfre considers that it's required by HM Revenue and Customs to deduct income tax from that interest, it should tell Ms W how much it has taken off. It should also give Ms W a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue and Customs if appropriate.

My final decision

For the reasons given above, I'm partially upholding Ms W's complaint against Mapfre Asistencia, Compania Internacional De Seguros y Reaseguros, S.A.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 22 November 2022.

Nimisha Radia
Ombudsman