

## **The complaint**

Mr W complains that American International Group UK Limited ('AIG') hasn't paid a cancellation claim under a travel insurance policy.

## **What happened**

Mr W was insured under a travel insurance policy provided by AIG. He was due to travel abroad between 9 and 12 May 2022, but he cancelled the trip as his partner tested positive for Covid-19 using a lateral flow test ('LFT').

Mr W made a claim to AIG for cancellation of a trip due to Covid-19. But it said that Mr W hadn't provided enough evidence to validate the claim. AIG said the LFT wasn't enough, and it asked Mr W to provide either a PCR test result, evidence that the LFT test result had been registered on the NHS app, or a medical certificate from a doctor. AIG also wanted to see evidence from the airline that the flights were cancelled, and if Mr W had been offered a refund or a voucher.

Mr W said it was now too late to provide the evidence AIG was asking for about Covid-19. But he had already given the information AIG was asking from the airline. So, Mr W didn't think AIG had acted fairly.

One of our investigators looked into what had happened. Overall, he didn't think AIG had acted unfairly by saying the LFT result alone wasn't enough to validate the claim. So, he didn't think AIG was wrong to decline the claim.

Mr W didn't agree with our investigator's findings, and the complaint was passed to me to decide. I asked Mr W if he had any other supporting evidence for the reason for cancelling the trip. Following this, Mr W sent contemporaneous work emails about his partner testing positive for Covid-19 before the trip, and the impact that had on his work arrangements and the upcoming trip.

I wrote to AIG and explained that as the policy didn't specify what evidence was required to show a valid cancellation claim due to Covid-19, I thought Mr W needed to provide reasonable evidence in support of his claim. I agreed that the LFT result alone wasn't enough to show a valid claim. But I was persuaded that this, along with the contemporaneous work emails supporting the LFT result, was enough to say Mr W had provided reasonable evidence to show the cancellation was due to Covid-19.

I also said that, as far as I could see, Mr W had provided evidence from the airline that the flights were cancelled, and the refund amount issued. So, I thought Mr W had provided the information AIG had asked for.

I explained that I was minded to say that AIG should accept that Mr W had provided reasonable evidence of cancellation due to Covid-19, and refund confirmation from the airline. And it should reassess the claim in line with the remaining terms and conditions of the policy.

AIG didn't agree with my provisional findings. It said that medical evidence was required to support the claim, rather than work emails. AIG also said that the policy terms wouldn't have been able to set out the evidence that would be needed in support of cancellation claim due to Covid-19, as it was an unexpected and unforeseen event. AIG also said that the evidence Mr W had now sent hadn't been provided earlier. AIG didn't provide further comments about the information from the airline.

### **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.

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of Mr W's complaint.

The policy covered cancellation as a result of ***"You or a relative being diagnosed with COVID-19 prior to the scheduled trip departure date..."*** The policy doesn't specify what evidence is required to show a valid claim for cancellation due to Covid-19. AIG drafted the contract terms, and it was open to it to include the requirements if it wished to do so. So, I don't think it can reasonably decline a claim on the grounds of a requirement that isn't set out in the contract between the parties.

I think Mr W needed to provide reasonable evidence. For the reasons I explained in my provisional decision, I think he's now done so. The comments AIG provided haven't persuaded me otherwise. And I don't think it's unreasonable that Mr W didn't provide these to AIG earlier, as AIG had only asked for specific evidence.

I'm also satisfied that Mr W has provided reasonable evidence that the flights were cancelled, and the refund that was issued by the airline.

Having considered everything, I don't think AIG acted fairly or reasonably when it declined Mr W's claim, for the reasons it did.

### **Putting things right**

AIG should accept that Mr W has provided reasonable evidence of cancellation due to Covid-19, and refund confirmation from the airline. It should reassess the claim in line with the remaining terms and conditions of the policy.

### **My final decision**

My final decision is that I uphold Mr W's complaint, and I direct American International Group UK Limited to put things right in the way that I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 5 January 2023.

Renja Anderson  
**Ombudsman**