

## **The complaint**

Mr A and Ms S are unhappy that AWP P&C SA declined to cover their unused, pre-booked accommodation, under their travel insurance policy.

## **What happened**

Mr A and Ms S purchased an annual multi trip travel insurance policy with AWP P&C S&A. This provided cover for various pre and post departure risks, between 15 December 2021 and 14 December 2022.

Mr A and Ms S have explained that they booked a holiday abroad – with them holidaying between 16 December 2021 and 4 January 2022, inclusive. They flew abroad as expected.

When they arrived abroad, on 17 December 2021, Mr A, Ms S and their children were required to take Covid-19 Antigen tests. One of these tests – child A's – came back as testing positive for Coronavirus. A couple of days later child B's test also came back as positive for the virus too.

Given the above positive tests, and that the children were minors, Mr A, Ms S and their children weren't able to holiday as planned. Instead, they've said the children were considered as hospital inpatients. But because they were asymptomatic, they were able to stay in the hospital-affiliated hotel, rather than the actual hospital itself.

Mr A and Ms S have said that during their time at this hotel, the children were X-rayed. And their heart rate and oxygen levels were continuously monitored.

Given the above, Mr A and Ms S raised a claim with AWP, for the loss of their pre-booked accommodation. As well as for costs related to Covid-19 testing and staying in a hospital affiliated hotel.

AWP considered the losses and accepted some of Mr A and Ms S' claim. But it declined to provide settlement for Mr A, Ms S and their children's unused, pre-booked accommodation. AWP said this was because the insurance policy only provided cover for these costs under the curtailment section of the policy, if they had to return home early, or were hospitalised. AWP said neither of these things had happened in this case. Instead, they said the family had been in a quarantine hotel – which wasn't covered under the curtailment section of the policy.

Mr A and Ms S didn't agree with this. They felt they had a valid claim for these costs, because their children were considered inpatients of the hospital, with medical certificates to show this. So, they felt AWP should cover their unused, pre-booked accommodation costs too.

Mr A and Ms S raised a complaint with AWP, who maintained its position. Because Mr A and Ms S remained unhappy, they referred their complaint to this service for an independent review.

Our investigator considered this complaint and didn't think it should be upheld. They noted that Mr A, Ms S and their children had really been required to quarantine, rather than being hospitalised. And they said the curtailment section of the policy didn't provide cover for unused accommodation costs incurred due to quarantine. So, they didn't recommend AWP do anything differently.

Mr A and Ms S didn't agree. They said that the first hotel they arrived at, was a general-purpose quarantine hotel. But when the children were confirmed to have positive Coronavirus test results, they were informed they were being sent to a hospital run facility.

They reiterated that the hotel was run by hospital staff, and the children were both monitored 24 hours a day, by heart and oxygen monitors. Mr A and Ms S said the children also received regular tests and were x-rayed too.

In addition, Mr A and Ms S reiterated that the hospital discharge documents showed both children as 'in-patients.' And so, they considered their children were hospitalised.

As Mr A and Ms S disagreed, their complaint has been referred to me to decide.

I issued a provisional decision on this complaint. In this I said:

*"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, I'm intending on uphold this complaint, and requiring AWP to settle this element of Mr A and Ms S' claim, in line with the remaining terms and conditions of the policy. And pay interest on this settlement amount, as detailed below.*

*When considering complaints such as this, I need to consider the relevant law, rules and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly and fairly. So, I've thought about whether AWP acted in line with these requirements, when it declined to settle Mr A and Ms S' claim for pre-booked, unused accommodation. And I don't think it did.*

*I've reviewed Mr A and Ms S' policy documentation, to see what cover it provided. And I can see the policy explains that:*

## **"SECTION 2: CURTAILMENT**

(...)

### **Covered**

**You** are covered up to the limit as shown on the Summary of Cover for the value of the portion of **your** travel, accommodation expenses calculated from the date of **your** early return **home** in the **United Kingdom** or the date of **your** hospitalisation as an inpatient, which have not been used and which were paid before **your** departure from **your home** in the **United Kingdom**.

1. Injury, serious illness, death of:

a) **you**

b) any person with whom you are intending to travel;

c) any person with whom you are intending to stay;

(...)

*NOTE: under a, b and d only, this will include being diagnosed with an **epidemic** or **pandemic** disease, such as COVID-19."*

*Given the above, I'm aware that if a policyholder or someone they are intending to travel or stay with are diagnosed with Covid-19, and are hospitalised as an inpatient, then they can claim for unused, pre-booked travel and accommodation, under the curtailment section of the policy.*

*Mr A and Ms S say this is what happened to them. And so, their claim should be paid under this section of their policy. I've thought carefully about this. And in this particular instance, I think it is fair and reasonable to say that Mr A and Ms S' children were hospitalised.*

*I say this because Mr A and Ms S have provided medical certificates for the children, from the hospital and signed by a doctor. I appreciate the medical certificates say the children were asymptomatic, and part of an isolation programme, by approval of the relevant hospital. But they do also note that the children were inpatients of the hospital. With one child being an inpatient between 20 December 2021 and 27 December 2021, and the other between 21 December 2021 and 30 December 2021. The medical certificate for child B notes that "supportive treatment and observation of respiratory symptom were given." Given the in-patient status on these certificates, and the monitoring that Mr A and Ms S have explained were provided to their children, I think it is fair and reasonable to say the children were hospitalised - and therefore Mr A and Ms S' loss falls within the terms of the curtailment section of the policy.*

*I understand that AWP don't agree the children were hospitalised. I've explained why I consider that they were hospitalised, above. But, even if AWP remain in disagreement, it's also important to note that my remit at this service is to consider what is fair and reasonable in all of the circumstances. And, in this case, I don't think declining the curtailment element of the claim provides a fair and reasonable result. Mr A, Ms S and their children's holiday was effectively curtailed, from the time the children were considered in-patients.*

*Mr A, Ms S and their children's holiday was shortened. It being effectively curtailed because two of their group had fallen ill, having tested positive for Covid-19. For the time the children were noted as inpatients, the family couldn't participate in the holiday they had planned. So, I think it's fair and reasonable to consider Mr A, Ms S and their children's holiday as having been curtailed under the policy.*

*Because of this, I think AWP acted unfairly in declining this element of the claim. I think it would have been reasonable for AWP to accept the curtailment element of the claim, at the same point it accepted other elements of their claim, on 2 March 2022. And I intend on requiring it to settle this element of the claim, in line with the remaining terms and conditions of the policy. And pay interest, as detailed below, to recognise the term that Mr A and Ms S were without the funds."*

*Mr A and Ms S responded and agreed. AWP didn't respond to the merits of the complaint.*

### **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, I've decided to uphold this complaint.*

There hasn't been any further comments or evidence from either party, to alter my findings on this complaint, or the reasoning for it. And so, my decision remains the same as that in my provisional decision, and for the same reasons.

### **My final decision**

Given the above, my final decision is that I uphold this complaint and require AWP P&C SA to settle the curtailment element of Mr A and Ms S' claim, in line with the remaining terms and conditions of the policy.

As I consider AWP should deal with the claim, I also require it to pay 8% interest, simple per annum, on the claims settlement, from the date AWP agreed to settle the other element of the claim, 2 March 2022, to the date of settlement, less any tax properly deductible.

If HM Revenue & Customs requires AWP P&C SA to deduct tax from this interest, AWP P&C SA should give Mr A and Ms S a certificate showing how much tax its deducted, if they ask for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Ms S to accept or reject my decision before 1 March 2023.

Rachel Woods  
**Ombudsman**