

The complaint

Miss D, Mrs D and Mr D complain that AWP P&C SA (AWP) unfairly declined their travel insurance claim. For ease, as the policy holder, I'll only refer to Mr D in my decision.

What happened

Around July last year, Mr D made a claim under his policy because he and his family were unable to travel on their holiday abroad. Prior to the planned departure date, Mr D was informed that his flight had been cancelled – an alternative flight was booked, but this was also cancelled shortly after, with no alternatives available. Mr D had bookings for hotels, travel and activities in the destination country, which he was charged in full for cancelling - incurring losses of over £10,000.

AWP declined the claim pointing to the terms and conditions of the policy, which say that Mr D needed to be at the point of departure at the time the delay or abandonment of the trip occurred. Mr D never travelled to the airport as he already knew the flight had been cancelled. Mr D complained to AWP about its decision, but the insurer stood by its view on the claim.

After Mr D asked this service to get involved, one of our investigators upheld the complaint and asked AWP to consider the claim again. The investigator pointed to our approach and decided that it would've been unreasonable for Mr D to travel to the airport knowing that the flight had been cancelled. AWP didn't agree, reiterating what its terms say. Because the insurer didn't agree, the complaint has been passed to me for a final say on the matter.

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'd like to start by reminding the parties about the remit of this service. My powers allow me to decide complaints based on what I think is fair and reasonable. So, although I'd have the relevant rules and the terms and conditions in mind, my decision can depart from these where I think this provides for a fair and reasonable outcome. So, I've decided to uphold this complaint and I'll explain why.

The terms of the policy set out that cover in this situation is only in place where the policy holder has travelled to the point of departure and has been checked in – so if there's a delay or the trip is abandoned after 12 hours of delay, then there is an entitlement to the policy benefit. Mr D didn't travel to the departure point, so AWP relied on this as cause to decline the claim. Although AWP seems to have technically applied its terms correctly, I've considered whether it should've settled the claim on a fair a reasonable basis.

I think it was unfair for AWP to have declined the claim. Despite what the terms say, it would've been unreasonable for Mr D to travel to the departure point. He had already been informed before the departure date that the flights had been cancelled. Therefore, travelling to the airport would've been of no benefit as there was no flight to check in to, so Mr D had

no apparent way of satisfying this part of the terms.

As our investigator pointed out, the result of travelling to the airport and not doing so would've been the same – being that Mr D wouldn't have been able to continue with his trip. And his decision not to travel to the airport doesn't seem to have affected the value of the claim. So, in my view, to decline the claim for this reason alone is unreasonable.

Although AWP says the claim isn't covered because Mr D was notified about the cancelled flights ahead of the departure date, I can't see that the policy terms explain what happens in such circumstances, where the result is that the whole trip cannot continue. I acknowledge that the policy terms do not specifically list flight cancellation, but I think the circumstances of Mr D's claim can be covered under the abandonment part of policy – which covers each share of the cost of the trip by up to £5,000.

Mr D's original flight was cancelled and effectively delayed his trip for more than the required 12 hours – especially as the replacement flight was also cancelled. So I'm satisfied that this claim can be considered as valid under this part of the policy.

In my opinion AWP unfairly relied on its terms to decline this claim. Under the strict definition of the terms, Mr D wouldn't be entitled to the policy benefit because he didn't travel to the departure point. However, keeping fairness in mind, I don't find it unreasonable that he didn't do so as it wouldn't have changed the outcome, which was an outright abandonment of the trip. Nor did this appear to have affected the value of the claim. Even though the flight was cancelled instead of being delayed, the result of the cancellation is the same here. So I think AWP should settle the claim.

Putting things right

AWP unfairly declined this claim. To put things right, it should settle the claim in line with the remaining terms. AWP should add interest to any payment it makes at 8% simple per year, from the date of the claim until the date the settlement is paid.

My final decision

I'm upholding this complaint. AWP P&C SA should settle this claim in line with what I've set out above. Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D, Mrs D and Mr D to accept or reject my decision before 9 June 2023.

Abdul Ali
Ombudsman