

The complaint

Mr M has complained that Aviva Insurance Limited hasn't met a claim he made under his travel insurance policy.

What happened

Mr M had booked for a weekend away. He was leaving on Friday 1 July 2022 at 15.05 in order to take part in a concert.

The airline cancelled his flight on 30 June and rebooked him on 2 July leaving at 21.10. As Mr M needed to travel before the time offered for a pre-arranged event he booked a flight himself with a different airline. He incurred an additional cost.

Aviva didn't meet Mr M's claim under the cancellation section of his policy. Which provides:

We'll pay the costs shown below if an insured person unavoidably has to cancel their trip or come home early because:

3.b. pre-booked travel arrangements on their outward journey from the UK are cancelled or delayed for more than 12 hours or diverted after departure, and the travel provider is unable to provide suitable alternative arrangements within 24 hours of the original departure.

The policy also says We won't cover:

- *Any claim where the travel agent and/or accommodation provider has offered suitable alternative arrangements and the insured person has refused them.*

Aviva said that as the airline had provided a refund for the original flight and offered a replacement within 24 hours of the departure time it could not offer any compensation.

Our investigator didn't recommend that the complaint was upheld. Mr M appealed.

I issued a provisional decision on 9 May 2023. I said as follows:

I find that Mr M's claim is covered under the cancellation section of his policy. His pre-booked travel arrangements were cancelled, and the travel provider was unable to provide a suitable alternative.

Aviva has interpreted the above clause as meaning the arrangements – here the new flight - was provided within 24 hours of the original departure. It is true that the offer was made

within 24 hours but the flight was 30 hours after the original flight time. I accept that this clause could be interpreted to mean either:

- *the communication was made within 24 hours or the arrangements, or*
- *the alternative arrangement (i.e., the flight) was within 24 hours of the original departure*

The legal position and indeed what is fair and reasonable means that this ambiguity must be determined in favour of Mr M. And the offer by the airline was 30 hours later. So I'm minded to find that compensation is payable.

But in any event, I don't find that suitable alternative arrangements were offered by the airline. I say this because Mr M was travelling for the weekend – specifically to an event on the afternoon of 2 July 2022. The flight he was re-booked on was 30 hours later. Had he accepted that flight he would have missed the concert, which was the purpose of his trip.

I appreciate that the policy covers unrecoverable costs. Its purpose is not to cover costs that are covered by the travel provider. I note that Mr M claimed a refund for his original flight and was not given the option to claim for the costs incurred with a second airline. It appears that the airline offered the next available flight and in turn a refund when that was not acceptable.

I'm not persuaded that the airline's obligations extend beyond this. However it's not disputed Mr M incurred costs as his new flight was more expensive than his pre-booked flight. Accordingly I'm minded to require Aviva to meet his claim in accordance with the remaining policy terms.

I invited representations from the parties. Mr M agreed with my provisional findings. Aviva didn't and in summary made the following points:

- Aviva agreed that that a coverable event had occurred as the flight was cancelled the day before travel and Mr M wasn't provided with a suitable alternative by the airline. But it said that the section only covers unrecoverable costs. As the flight costs were refunded it said there were no unrecoverable costs from the original trip.
- Aviva said that additional costs are covered under the unexpected costs section – however this wasn't operative as Mr M hadn't left home. And delayed transport cover was only available once he had left home, but he had not done so at the time his flight was cancelled.

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'm not persuaded to change my provisional findings. I will explain why.

Aviva now agrees that a suitable alternative wasn't provided by the airline. But it still didn't agree Mr M's loss was covered under the remaining policy terms. It said as the flight costs were refunded it said there were no unrecoverable costs from the original trip.

The unrecoverable costs to Mr M were the additional costs he had to pay to get a replacement flight when a suitable alternative was not offered by the airline. I accept that the option offered to Mr M online was only to claim for his cancelled flight. I'm not persuaded that the additional costs paid to another airline would be recoverable from the first airline, and I wouldn't find it fair to expect Mr M to start legal or other proceedings in the particular circumstances here in order to attempt to recover his loss.

Aviva says that the cancellation section only provides cover for unrecoverable costs, but it does also specify additional travel costs necessary to allow the insured person to come home early. The cancellation section provides cover for:

- *additional travel and accommodation costs to allow the insured person to return home early if they cannot use their return ticket.*

Taking everything into account including the fact that the original ticket was cancelled so Mr M wouldn't have been able to return home at all, I find it would be fair and reasonable to pay the unrecoverable costs under this section of the policy.

Aviva argues the only section that looks at additional costs is travel disruption under the unexpected costs section. It concedes that additional costs *are* covered under the unexpected costs section – but it says this wasn't operative as Mr M hadn't left home.

The policy does state under period of insurance that cover under sections other than cancellation begins when the insured person leaves home to start the trip. Accordingly I find that this definition would preclude cover operating in the circumstances here. But for the reasons given above and in my provisional decision, I'm satisfied it is fair and reasonable to meet the claim under the cancellation section of the policy.

For completeness I would add that Mr M isn't also entitled to claim the delay benefit.

My final decision

I require Aviva Insurance Limited to meet Mr M's claim for the unexpected additional costs he incurred when his pre-booked travel arrangements were cancelled.

Aviva should add simple interest from the payment of the additional costs to the claim settlement at the rate of 8% per annum.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 12 June 2023.

Lindsey Woloski
Ombudsman