

## **The complaint**

Mrs Z complains that AWP P&C SA has turned down a travel disruption claim she made on a travel insurance policy.

## **What happened**

The background to this complaint is well-known to both parties. So I've simply set out a brief summary of what I think are the key events.

Mrs Z has travel insurance as a benefit of a packaged bank account.

In November 2022, Mrs Z was abroad. She was due to return to the UK, taking connecting flights, which were operated by two different airlines. However, the first leg of Mrs Z's return flight was delayed, before being cancelled. This meant she missed the second leg of her return flight.

Mrs Z's travel agent tried to assist her. It contacted both airlines, which said that they would arrange replacement flights for Mrs Z. However, the travel agent wasn't able to 'unlock' Mrs Z's tickets, despite it contacting both airlines.

On that basis, Mrs Z made her own return travel arrangements – and incurred additional travel and accommodation costs in doing so. And she made a travel disruption claim on her travel insurance policy.

AWP turned down the claim. It said that because the airlines had arranged replacement flights for Mrs Z, she'd already recovered her losses. So Mrs Z asked us to look into her complaint.

Our investigator thought Mrs Z's complaint should be upheld. She considered a letter Mrs Z had provided from her travel agent, which showed that it hadn't been able to access the flights the airlines had offered. This meant that Mrs Z hadn't been able to travel by these means. And therefore, the investigator didn't think it was fair to say that Mrs Z's losses had been recovered. She recommended that that AWP should reconsider Mrs Z's claim, in line with the policy terms and conditions and that it should pay her £150 compensation.

AWP disagreed. It said that cover only applied if a policyholder couldn't recover their losses from any other source. In this case, it considered that the airlines had been responsible for taking care of Mrs Z until her rearranged return flight. AWP felt that the travel agent's letter showed that it had been taking steps to resolve things with the airline, but it had been Mrs Z's choice to make her own arrangements. It did, however, agree to reconsider Mrs Z's additional accommodation costs and taxi cost, as these were unrelated to the flights.

The complaint's been passed to me to decide.

## **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 don't think AWP has treated Mrs Z fairly and I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So I've considered, amongst other things, the terms of Mrs Z's policy and the available evidence, to decide whether I think AWP has treated her fairly.

I've first considered the policy terms and conditions, as these form the basis of the contract between Mrs Z and AWP. AWP has considered the claim under the Travel delay provisions of the Travel Disruption section of the policy. This includes the following term:

*'We will pay you*

*Your reasonable additional travel (including up to £200 for taxis and hire cars) and accommodation expenses, which are of a similar standard to that of your pre-booked travel and accommodation and which cannot be claimed back from any other source, if you have to make alternative arrangements to reach your destination.'*

Page 40 of the policy sets out a specific list of things AWP doesn't cover. One of these is:

*'Any unused or additional costs incurred by you recoverable from:*

*a) The providers of the accommodation, their booking agents, a travel agent or another compensation scheme.*

*b) The providers of the transportation, their booking agents, a travel agent or another compensation scheme such as ABTA – The Travel Association or Air Travel Organisers' Licensing (ATOL).'*

Based on AWP's response to our investigator's assessment, it seems it's now prepared to reconsider the claim for Mrs Z's accommodation and taxi costs. So I don't think I need to consider this issue further, other than to confirm that I agree with our investigator's findings on this point. It appears then that the remaining issue for me to decide is whether it's fair for AWP to decline to reconsider Mrs Z's flight costs.

The travel agent's evidence clearly shows that both airlines did take steps to arrange new flights for Mrs Z, in line with their responsibilities. In some cases, I may conclude that if a travel provider had offered a suitable alternative means of travel, then a policyholder had had the opportunity to recover their losses.

But in the specific circumstances of this complaint, I don't find that AWP's position is fair. The travel agent makes it clear that while the airlines had tried to arrange new flights for Mrs Z, the travel agent – and therefore, Mrs Z – wasn't able to access them. The travel agent appears to have been actively engaged with trying to work things out with both airlines and referred to *'much to-ing and fro-ing.'* There's no indication as to when any technical issue was likely to have been resolved, or when Mrs Z would've been able to travel. I find then that Mrs Z wasn't able to recover her losses from her airline, because she simply wasn't able to use the flights she'd been offered.

As such, I think it was fair for Mrs Z to decide to try and make her own arrangements to return home and mitigate the potential additional accommodation and travel costs she could incur if she'd remained abroad until the ticket issue could be resolved. And the travel agent clearly stated that it didn't think either airline would offer Mrs Z a refund. So I don't think it

appears that Mrs Z has been or will be able to recover the costs she incurred as a result of the delay.

On the particular facts of this complaint, I think the fair and reasonable outcome is for AWP to also reconsider Mrs Z's flight costs in line with the remaining terms and conditions of the policy, in addition to her additional accommodation and taxi costs. It will be for Mrs Z to provide AWP with any additional evidence it may require. If Mrs Z is unhappy with the outcome of AWP's re-assessment of her claim, she may be able to bring a new complaint to us about that issue alone.

Our investigator also felt that AWP should pay Mrs Z £150 compensation. As I've explained above, I don't think AWP's claims decision was fair. And I think it had enough information to be able to determine that Mrs Z likely wouldn't be able to recover her costs from either airline. So I think it's put her to some unnecessary trouble and upset over a period of a few months. In my view, an award of £150 compensation is reasonable to reflect the distress and inconvenience I think Mrs Z was caused by AWP's handling of her claim.

### **My final decision**

For the reasons I've given above, my final decision is that I uphold this complaint.

I direct AWP P&C SA to:

- Reconsider Mrs Z's travel disruption claim, in line with the remaining terms and conditions of the policy; and
- Pay Mrs Z £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Z to accept or reject my decision before 11 September 2023.

Lisa Barham  
**Ombudsman**