

The complaint

Mrs C and Mr W complain about how AWP P&C SA handled their travel insurance claim and that it hadn't paid their claim. My references to AWP include its agents.

What happened

Mrs C has travel insurance for her and her family through her bank account. Mr W is also covered under the policy as he meets the definition of 'family' under the policy terms. The travel insurance is underwritten by AWP.

In January 2022 Mrs C and Mr W booked a cruise. They departed on 27 June 2022 and were due to return on 11 July 2022. On 5 July 2022, during their cruise, they both tested positive for Covid-19. The ship's doctor instructed that they were required to isolate in their cabin for five days or until they had a negative test for Covid-19. They tested negative on 10 July and were able to return home as planned the next day. Mrs C and Mr W said they contacted AWP to inform it of the situation and AWP told them they could claim for their time in isolation.

Mrs C and Mr W submitted their claim online in late July 2022 and included their supporting documents. Mr W said he called AWP the same day to confirm receipt and to go through the documents. AWP acknowledged the claim and said Mrs C and Mr W would be contacted once the documents had been reviewed.

Mrs C and Mr W chased AWP on several occasions but they had no further contact about the claim. They complained to AWP about the delays but it didn't respond so they complained to us.

AWP sent a final response letter dated 6 December 2022, which Mrs C and Mr W said they didn't receive. In the letter AWP apologised for the delays and offered £80 compensation to acknowledge Mrs C and Mr W's distress and inconvenience. AWP also said the claim would be dealt with urgently. However, Mrs C and Mr W said they haven't heard from AWP.

Mrs C and Mr W want AWP to pay their claim for the costs of the daily rate for their cruise while they were isolation and compensation for their stress and worry AWP's delays have caused. Mrs C and Mr W said they had both been affected financially by their losses not being paid.

Our investigator recommended AWP pay the curtailment claim in line with the remaining policy terms, plus interest. Also, AWP should pay compensation of £400 in total for Mrs C and Mr W's distress and inconvenience it caused by its delays.

AWP didn't respond to our investigator's recommendation so the complaint has been referred to me to make a decision.

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.

At the time of making my decision we haven't heard from AWP with a response to our investigator's recommendation, despite her chasing for a response and telling AWP that the complaint had been referred to me for a decision. In all the circumstances I'm satisfied that it's reasonable for me to make a decision on the evidence I have.

The regulator's rules say that insurers must handle claims fairly. And they mustn't unreasonably decline a claim.

AWP's final response letter in December 2022 accepts that its 'excessive' delays had caused Mrs C and Mr W distress and inconvenience. The letter also said AWP could 'see on our systems that your claim is being processed as a matter of urgency'. But I've seen no evidence that AWP has contacted Mrs C and Mr W about the claim since it sent that letter.

Mrs C and Mr W made the claim at the end of July 2022 so have been waiting over a year for AWP to assess and make a decision on the claim. I don't think its offer of £80 compensation for Mrs C and Mr W's distress and inconvenience is enough. Mrs C and Mr W have said how much stress, worry and inconvenience AWP's very poor service has caused them. AWP hasn't objected to our investigator's recommendation that it pay £400 in total in compensation for Mrs C and Mr W's distress and inconvenience, and in the circumstances I think that's a reasonable amount.

I've no evidence that AWP has made a decision on the claim which was submitted to it over a year ago. In the circumstances I think it's fair for me to decide whether or it would be reasonable for AWP to pay the claim on the evidence Mrs C and Mr W sent to it.

The policy says under the 'cancellation and curtailment section':

'What is covered

We will pay you up to £5,000 ... for any irrecoverable unused travel and accommodation costs (including excursions and other pre-paid charges) which you have paid or are contracted to pay together with any reasonable additional travel expenses, due to any of the following necessary and unavoidable events:

...

- You fully curtail (cut short) your trip before completion or partially curtail (interrupt) your trip for more than 48 hours; or*
- You have to make an early return home as a result of any of the following events occurring:*

1. The...illness of:

- a. You;*
- b. Any person with whom you are travelling or have arranged to travel with;*
- c. A relative of you or any person with whom you are travelling or have arranged to travel with;*

...

Note:

- For a, b, and c above, this will include being diagnosed with an epidemic or pandemic disease, such as COVID-19.*

• *For partial curtailment due to your admittance to hospital or confinement to your accommodation, we will provide cover for one other insured person to stay with you, if we have agreed that this is medically necessary.*

2. You or any person with whom you are travelling or have arranged to travel with being held in quarantine by order or another requirement of a government or public authority, based on their suspicion that you or they, specifically, have been exposed to a contagious disease (including an epidemic or a pandemic disease such as COVID-19). This does not include any quarantine that applies generally or broadly to some or all of a population, vessel or geographical area, or that applies based on where you are travelling to, from or through'.

So the policy provides cover if Mrs C and Mr W 'partially curtail (interrupt)' their trip for more than 48 hours if they have Covid-19. With their claim Mrs C and Mr W submitted Covid-19 test certificates for each of them showing they both had positive Covid-19 tests on 5 July 2022. They also submitted a 'Covid-19 certificate of recovery' for each of them signed by the ship's doctor which says they were in isolation on board the ship from 5 to 10 July 2022.

Mrs C and Mr W say the isolation meant they had to stay in their cabin for 24 hours a day apart from brief two exercise periods, in the morning and late afternoon. They weren't able to take part in any of the included shore trips or go ashore. I accept their evidence about the effect of their need to isolate, they weren't able to take part in their trip for the days they were in isolation.

I note that in Mrs C and Mr W's claim submission they say Mrs C was in isolation for seven days as she chose to stay in isolation to look after Mr W. But the medical evidence is that they both tested positive on 5 July and were in isolation from that date to the 10 July. I can't see any medical evidence to support that Mrs C spent seven days in isolation.

I'm satisfied that Mrs C and Mr W's isolation on board the ship from 5 to 10 July 2022 meant they had to partially curtail their trip for more than 48 hours due to them both being ill with Covid-19, which is an insured event at paragraph 1 of the above policy terms. I think the claim is covered by the policy terms.

I also think the claim is covered on a fair and reasonable basis by paragraph 2 of the above policy terms. But there's no need for me to explain why as I've already explained why I find that the claim is covered under paragraph 1.

Putting things right

AWP must pay the claim for the partial curtailment of the trip, 5 to 10 July 2022, in line with the remaining policy terms and limits, plus interest as I've detailed below. It must also pay Mrs C and Mr W £400 compensation in total for their distress and inconvenience it's caused.

My final decision

I uphold this complaint and require AWP P&C SA to:

- Pay Mrs C and Mr W's claim for the partial curtailment of the trip, 5 to 10 July 2022, in line with the remaining policy terms and limits. Interest* must be added at 8% simple a year from the date of claim to the date of settlement, and
- Pay Mrs C and Mr W £400 compensation in total for their distress and inconvenience due to its unfair handling of their claim.

*If AWP P&C SA considers that it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mrs C and Mr W how much it's taken off. It should also give Mrs C and Mr W a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr W to accept or reject my decision before 10 October 2023.

Nicola Sisk
Ombudsman