

The complaint

Ms L and Mr T have complained that Astrenska Insurance Limited declined a claim they made on their multi-trip annual travel insurance policy after their flight was cancelled due to poor weather.

What happened

Ms L and Mr T were booked on an outbound flight to France on 12 December 2022. They arrived at the airport to find that the plane hadn't arrived due to being snowed in elsewhere, so the airline cancelled the flight. Ms L was travelling to a medical appointment which she didn't want to miss. As such, they accepted a refund from the airline and then took a train to London, catching the Eurostar the following morning. They were able to fly back as planned using the return part of their tickets. They would like Astrenska to cover the additional cost of the train fares, overnight accommodation and Eurostar tickets, less the amount of refund they received.

Astrenska declined the claim on the basis that the circumstances did not meet the cancellation cover set out in the policy's terms and conditions.

Our investigator thought that Astrenska had acted fairly in declining the claim for cancellation. But she thought that it should settle the claim under the travel delay section of the policy, together with 8% interest up to the date payment is made. The delay period would be the difference between the original flight time and the Eurostar departure time.

Ms L and Mr T accepted the investigator's finding. But as Astrenska didn't respond to the investigator's view, the complaint has been passed to me for 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.

I've carefully considered the obligations placed on Astrenska by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for Astrenska to handle claims promptly and fairly, and to not unreasonably decline a claim.

I appreciate Ms L and Mr T's position that, as the flight was cancelled due to no fault of their own, they feel they should be covered.

The cancellation clause in the policy states:

'What is covered

We will pay you up to the amount shown in your policy Schedule for your share of any Irrecoverable unused travel and accommodation (Including excursions), and other pre-paid charges which you have paid or are contracted to pay. You are also covered for any

additional travel expenses incurred if you are forced to cancel any part of your trip prior to its commencement. This must be as a direct and necessary result of any cause outside of your control, which was unforeseen at the start date of your policy or at the time of booking your trip, whichever is the later.'

Ms L and Mr T had recovered the cost of their flights by accepting a refund from the airline. They also didn't have any accommodation costs in France. So, there were no unused costs to consider. And, because they were at the airport – therefore, already having commenced their trip – they are not entitled to additional travel expenses.

The cost of making additional arrangements to reach the intended destination would be covered under the 'Missed Departure' section of the policy. But that only applies when the policyholder – and not their flight – is late. I do understand that they had to get to France and so did what was necessary to get there on time. But, looking at the terms and conditions of the policy, I'm satisfied that it was reasonable of Astrenska to decline the claim for the additional costs incurred.

With regard to delay, the policy terms state:

'Delayed Departure

What is covered

If the ship, aircraft or train that you are booked to travel on is delayed in leaving at its schedule time of departure on your outward journey or on the final part of your return journey we will:

- 1. Pay £35 for the first full 12 hours you are delayed and £15 for every full 12-hour period you are delayed after that, for each insured person...'*

Had Ms L and Mr T waited for the next available flight, they would likely have been entitled to receive the fixed cash benefit for travel delay. Given that it was the lead up to Christmas, they say they were told that the airline had no alternative flights available that week. In their circumstances, it's understandable that they decided not to wait and to make alternative arrangements. So, overall, I think it would be fair and reasonable for Astrenska to pay them the benefit that they would have been entitled to if they hadn't made their own arrangements.

Putting things right

Astrenska should pay Ms L and Mr T the cash benefit for travel delay, based on the delay period being from the original flight time until the Eurostar departure time. It should also add 8% simple interest a year* from the date of the claim until the payment is made.

**If Astrenska considers it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms L and Mr T how much it's taken off. It should also give Ms L and Mr T a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.*

My final decision

For the reasons set out above, I partly uphold the complaint and require Astrenska Insurance Limited to pay compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L and Mr T to accept or reject my decision before 7 November 2023.

Carole Clark
Ombudsman