

The complaint

Mr C and Ms G complain that AWP P&C SA (“AWP”) declined a claim they made on their travel insurance policy.

Although the policy is in joint names for ease I’ll refer to Mr C throughout this decision since he’s brought the complaint to this service.

What happened

Mr C and Ms G have worldwide travel insurance as a benefit with their bank account. the policy provides cover to them, for various pre-departure and post departure risks. They were due to travel to America in October 2022 and return at the beginning of November 2022.

C says their destination became inaccessible since it was destroyed by a hurricane. He says state and federal travel advice in the USA was not to travel to the island and this wouldn’t be lifted until January 2023 such was the destruction caused by the hurricane.

Based on this advice Mr C cancelled his flights and was part refunded by the airline. He made a claim to his insurer for the difference, less the applicable excess on the policy. AWP declined the claim. It said the policy wording stipulates cover is provided to move to other accommodation at any point during the trip, and there is cover if the trip is cut short with prior authorisation from AWP’s 24-hour medical emergency assistance service, if accommodation can’t be used. AWP said since Mr C didn’t travel to the destination the event wasn’t covered under the travel disruption term of the policy.

As a result of the claim being declined Mr C says he’s out of pocket by £900 so he wants AWP to review its declination of the claim in light of the fact that advising them to travel against local and federal travel advice is dangerous. AWP didn’t change its position. So Mr C referred his complaint to this service.

One of our investigator’s looked into things for him. She agreed there was no cover under the travel disruption section of the policy but said the claim should be considered under the cancellation section; given the trip was cancelled. The investigator also recommended AWP pay Mr C £150 to apologise for the inconvenience caused and to reconsider the claim under the cancellation section of the policy.

AWP didn’t agree. It said the cancellation section of the policy only applied if the directive not to travel came into force after the policyholder left the United Kingdom and, since Mr C didn’t travel, there wouldn’t be any cover under this section of the policy. Because AWP didn’t agree the complaint has come 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've decided to uphold the complaint, and require AWP to reassess Mr C's claim, in line with the remaining terms and conditions of the policy; namely the cancellation and curtailment section. I've explained why below.

When considering complaints such as this I need to take into account the relevant law, rules, and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly and fairly. So I've thought about whether AWP acted in line with these requirements when it declined to settle Mr C's claim.

I've also reviewed the policy documentation, to see what cover the policy provides. On doing so I can see the policy does provide cover for cancellation of a trip, in certain circumstances. The policy says the following;

"We will pay you up to £5,000 for any irrecoverable unused travel and accommodation costs 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:

- *Cancellation of the trip; or*
- *You fully curtail (cut short) your trip before completion or partially curtail 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:*

8. a government directive prohibiting all travel to, or recommending evacuation from, the country or area you were planning to visit or were staying in provided such a directive came into force after you have left the United Kingdom."

Mr C couldn't go on holiday in October 2022 because the island had been seriously impacted by the hurricane. The travel advice at the time was against travel to the area. And even if Mr C had disregarded the warning and travelled to the island his accommodation wasn't open due to significant storm damage. Given this, I'm satisfied there were insured events that applied to Mr C's cancellation claim. I'm satisfied it was necessary and unavoidable for him to cancel his trip.

AWP said the cancellation section of Mr C's policy provides cover in the event of circumstances stipulated on page 20 of the terms and conditions. Specifically that the evacuation order came into force before Mr C had left the UK and so there wasn't any cover under the cancellation section of the policy.

So, I've considered this part of the terms and conditions, and thought about whether AWP has acted fairly and reasonably in citing this condition to decline the claim. And I don't think it has. The section regarding the government directive relates to when you have to make an early return home as a result of a government directive prohibiting all travel to, or recommending evacuation from, the area. But Mr C wasn't making an early return home – he wasn't able to travel at all. He had to cancel his trip. So I think AWP acted unfairly in considering Mr C's claim under the travel disruption section of the policy only.

Putting things right

Given the above, my final decision is that I uphold this complaint. I require AWP to reassess Mr C and Ms G's claim, in line with the remaining terms and conditions of the policy.

Our investigator recommended AWP pay Mr C and Ms G £150 to reflect the inconvenience caused by its handling of the claim. I'm satisfied £150 compensation is a fair and reasonable amount to recognise the trouble and upset Mr C and Ms G have experienced. So I also require AWP to pay this.

My final decision

For the reasons explained I'm upholding this complaint and require AWP P&C SA to;

- Reassess the claim under the remaining terms of the policy
- Pay Mr C and Ms G £150 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Ms G to accept or reject my decision before 8 December 2023.

Kiran Clair
Ombudsman