

The complaint

Miss C and Mr P complains about how Aviva Insurance Limited (“Aviva”) dealt with a claim he made on his travel insurance policy after his flight was cancelled by the airline.

For ease of reference, and as he’s been most involved with this complaint, I’ll refer to Mr P throughout my decision.

What happened

Mr P has a travel insurance benefit with Aviva through his bank account. He pays a monthly fee which provides him with a number of benefits including travel insurance. Mr P says he’s had the account for around 14 years.

Mr P and his family were due to take a flight in April 2023. Mr P says after they went through security they were told their flight had been cancelled.

Mr P says he wasn’t given an explanation as to why the flight was cancelled and there was no airline staff available to speak to.

Mr P was able to find out that the earliest return flight was going to be in three days’ time with the same airline. Unfortunately that flight wasn’t going to be convenient for Mr P since he had to get back to the UK for a prior engagement.

As a result he booked three tickets back with a different airline which was leaving the following morning. This flight was reimbursed by the airline at a later date.

Mr P says they weren’t compensated by the airline for the return element of the original flight bearing in mind the contract had been broken; and the airline hadn’t provided Mr P with a return service.

Mr P was inconvenienced and unclear about what he could do when his flight home was cancelled. He and his family slept on the floor of the airport before checking in for the new flight back the following day.

On his return Mr P filed a claim with his travel insurer. Aviva said it was only prepared to reimburse him £15 for the taxi he took home from the airport after deducting the applicable £100 excess.

Mr P says Aviva would have had to pay out more if they’d waited for the next available flight with the original airline since it would have involved three days in a hotel plus meals. Mr P says he’s being penalised for mitigating his loss and trying to get his family back home as soon as possible, especially since they were travelling with their small child.

Mr P says he should be compensated for half the cost of his return ticket given he paid for a service he didn’t receive together with the full taxi fare without the excess being deducted. So he complained.

Aviva said the additional travel costs were reimbursed by the airline, and the claim for the taxi fare had been agreed under the unexpected costs section of the policy. Aviva said there was no cover for the original return flight that was cancelled since the delay incurred was less than 12 hours. It said the 'Delayed Transport' section of the policy only offers a benefit if the delay was more than 12 hours and, since it wasn't, there's no payment due. Aviva said it could only consider the claim under the unexpected costs section of the policy which provides cover for expenses Mr P had to pay to get home as a result of the cancelled flight – there is no cover for the unused flight. But the airline refunded the additional flight expenses which only left the taxi fare. Aviva also said there was no provision for compensation for inconvenience in the policy.

Mr P wasn't satisfied with the response he received from Aviva so he referred his complaint to this service. One of our investigators looked into things for him. She said having considered the matter she wasn't upholding the complaint. She said the policy covered additional costs to get home. But the flights were reimbursed by the airline so that only left the taxi fare to be reimbursed which Aviva did; less the applicable excess. Aviva said the original return flight wasn't an additional cost and so wasn't covered by the policy. The investigator said if Mr P could evidence that the soonest flight the airline could offer was in three days then Aviva should reconsider a payment under the delayed transport section of the policy.

Aviva said the policy provides cover if transport is delayed for at least 12 hours. If Mr P had waited until the next flight he would have been delayed by three days but he booked an alternative flight the following day. Since the actual delay was just over nine hours no benefit is payable.

Mr P provided this service with a copy of correspondence from the airline that confirmed it was unable to provide a suitable flight within 24 hours of the disruption. So our investigator considered the additional evidence and said it would be fair and reasonable for a payment to be made under the 'delayed transport' section of the policy in the amount of £200. She said Mr P had been inconvenienced in having to book an alternative flight, sleeping at the airport with their child, and returning to a different airport to the one they departed from. She said Mr P had mitigated his losses and would have been entitled to this benefit if he hadn't made alternative travel arrangements.

Aviva disagreed. It said the delayed benefit payment wasn't for a delay that 'may have occurred'. Aviva said it is a specific benefit for specific cover which is only triggered if the delay is significant – over 12 hours. It is not an indemnity or compensation amount and can be claimed even when the airline has awarded compensation. Aviva said Mr P didn't continue the trip, he curtailed it by a different route. And while this was understandable it didn't mean the policy benefit applied. Because Aviva 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.

The relevant rules and industry guidelines say insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules into account when deciding what I think is fair and reasonable in the circumstances of this complaint.

My starting point for this complaint is to look at the terms and conditions of the policy to see what they say about what is covered.

Unexpected costs

In section C under the heading '*Unexpected costs*' it says,

"We'll cover unexpected additional travel and accommodation costs to allow the insured person to continue their trip or get home at the end of their trip, if their pre-paid travel plans are disrupted for the following reasons:

4. the insured person's pre-booked travel arrangements are cancelled or delayed for more than 12 hours from the time shown on their ticket or diverted after departure."

Mr P's flight was cancelled and he made alternative arrangements to get home. He purchased new flights and the cost of these were refunded by the airline. There was an additional taxi expense which Aviva agreed to pay under the unexpected costs section of the policy, subject to the excess. Excess is payable on accepted claims under the terms of the policy and so I can't reasonably ask Aviva to waive this. So I think Aviva acted fairly and reasonably, and in line with the terms of the policy in its handling of this part of Mr P's claim.

Aviva explained there was no cover for the cost of the original flight and so it declined that part of the claim. And I think this is right since the airline refunded Mr P the additional costs of getting home.

Delayed transport

Under the 'delayed transport' section of the policy it says,

"We'll pay £50 for each full 12-hour period an insured person's pre-booked transport is delayed if they decide to continue the trip. We'll work out the length of the delay from the date and time of the scheduled departure."

Aviva considered a payment under this section of the policy but said the delay incurred was within 12 hours and this section offers a benefit payment if the customer is delayed for more than 12 hours. And so it declined this part of the claim.

So I've thought about how long Mr P would have waited if he hadn't made alternative travel arrangements. Mr P has provided evidence that the airline was unable to provide an alternative flight for at least 24 hours and had they waited, they'd have been waiting for a longer period of time. And this might have allowed them to receive a fixed cash benefit for travel delay under the terms and conditions of his policy.

I've thought about this situation very carefully. Aviva said the delayed transport section of the policy is a specific benefit for specific cover which is only triggered if the delay is significant – over 12 hours. So, the policy *does* provide cover under this section for delays of more than 12 hours. And Mr P has provided evidence from the airline that confirms there were no flights available for *at least* 24 hours. Mr P's own evidence is that there were no flights available with the airline for at least three days – although I haven't seen any independent evidence corroborating this.

I think Mr P has reduced the insurer's potential loss by making his own arrangements home. If he hadn't then Aviva would have been looking at paying a minimum of 24 hours delay benefit. If Mr P had waited for the next available flight he would have been entitled to claim additional travel and accommodation costs under the policy until his return.

So, I'm therefore of the view Aviva needs to pay the delay benefit in addition to the taxi fare. There is no cover for the cancelled flight but the policy does provide a travel delay benefit. It

would be fair and reasonable for Aviva to cover this bearing in mind the facts of this case, in particular the mitigation of loss, and the breadth of the policy wording.

Putting things right

Since the evidence provided confirms delay of at least 24 hours then I think it's fair that Aviva pay this under the delayed transport of the policy. Should there be any dispute over the settlement amount this would need to be considered as a separate complaint.

So, Aviva needs to reassess the claim under the delayed transport section of the policy and pay Mr P the benefit he and his family are entitled to.

My final decision

For the reasons stated above I'm upholding Mr P's complaint and direct Aviva Insurance Limited to resolve the complaint by doing what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C and Mr P to accept or reject my decision before 18 December 2023.

Kiran Clair
Ombudsman