

## **The complaint**

Mrs D and Mr S have complained that U K Insurance Limited ('UKI') unfairly declined their claim.

## **What happened**

Mrs D and Mr S have a travel insurance policy, underwritten by UKI.

They went on a cruise for 15 days but unfortunately contracted Covid-19 and were instructed to stay in their cabin for 10 days.

They made a claim but UKI declined it on the basis that they hadn't bought additional cruise cover which would pay a benefit for cabin confinement of £150 per person per day. However it offered £200 compensation for the incorrect information it provided and the loss of expectation.

Unhappy, Mrs D and Mr S referred their complaint to the Financial Ombudsman Service.

Our investigator looked into the complaint and thought the complaint should be upheld. She said UKI should treat the claim as covered under the curtailment section as they had effectively curtailed their trip whilst they were isolating. And she recommended it pay interest.

UKI disagreed and in summary, made the following comments:

- The curtailment section is for unused accommodation and being forced to remain in accommodation cannot be construed as it being unused.
- Confinement to cabin benefit was available by way of optional cruise extension which Mrs D and Mr S decided not to buy.
- There is fundamentally a claim for loss of enjoyment which isn't covered under the policy – there is no financial loss attached which is why cabin cover would have been the appropriate benefit had the extension been bought.
- Covering this event under any remaining sections of the policy goes beyond the specific terms of cover and it isn't reasonable to apply effective curtailment.

And so the case has been passed to me for a final 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.

Having done so, I don't think this complaint should be upheld. I'll explain why.

I issued my provisional decision on 12 October 2023 in which I said:

- “The relevant rules and industry guidelines say an insurer should handle claims promptly and fairly. And shouldn’t unreasonably reject a claim.
- The ‘cutting short your trip’ section of the policy says: *“We will pay up to £5,000 for each insured person for their portion of the trip costs if you have to cut your trip short.”*
- UKI say as cruise cover wasn’t added as extra cover, there is no cover under the policy and the curtailment section doesn’t apply. I agree that the optional cruise cover wasn’t purchased and so this section doesn’t apply – which would have paid a daily benefit of £150 per person.
- The optional cruise cover has a benefit for cabin confinement due to illness as advised by the doctor. This is a very specific benefit. Had they purchased it, they would have been covered.
- Curtailment cover only applies if the trip is cut short and the trip has to start and end in the UK. Mrs D and Mr S didn’t cut their trip short as they were confined to their cabin for 10 days out of 15. However our investigator thought the trip was effectively curtailed as they were in their cabin for 10 days with only one day with use of the ship facilities. But I disagree. They had a total of 15 days of which 10 were in isolation and so they had 4-5 days use of the ship.
- In any event, as there was specific cruise cover to purchase with cabin confinement benefit, I don’t think it’s fair and reasonable in the circumstances of this case to treat this case as covered under the curtailment section. The cruise cover would have provided a benefit in Mrs D and Mr S’ exact scenario so it isn’t fair or reasonable to treat the claim as covered under the curtailment section. They didn’t effectively curtail their trip, they were confined to their cabin for 10 out of 15 days due to illness.
- UKI paid Mrs D and Mr S £200 compensation for not declining the claim promptly and providing incorrect information which suggested a benefit would be due. As this was a mistake, I think £200 compensation is appropriate taking into account the length of time UKI took to provide the correct claim decision.”

Mrs D and Mr S responded to my provisional decision and I thank them for their comments. I will summarise what they have said.

- Mrs D and Mr S say they were misled in two telephone conversations when they were asked how much they would settle for.
- They now realise that they would have been covered for cabin confinement had they taken the cruise cover but this wasn’t pointed out properly when they asked if they were covered for a cruise.
- The £200 compensation was put into their account without a proper explanation. It was for the long wait for the claim decision and so they think they should also be given compensation for being misled. They should have been made aware that they weren’t covered for cabin confinement.
- They booked a second cruise thinking they were covered.

I have listened to Mr S’ call with UKI when he first called to enquire about cruises and Covid-

19 cover. The adviser confirmed cruises and Covid-19 were covered. And she also specifically said there was an optional extra for cruises which would cover things like cabin confinement. Mr S said he didn't think he would need this. So I am satisfied that Mr S was given clear information about cabin confinement cover when he enquired about cover for cruises.

Taking everything into account, I am satisfied £200 compensation is appropriate on the basis that the correct cover was discussed in Mr S' first call before he travelled.

I am sorry to disappoint Mrs D and Mr S but I hope my explanation is helpful.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D and Mr S to accept or reject my decision before 6 December 2023.

Shamaila Hussain  
**Ombudsman**