

## The complaint

Mr and Mrs R are unhappy that Chaucer Insurance Company Designated Activity Company (Chaucer) didn't fully settle their travel insurance claim.

Any reference to Chaucer includes all its agents.

## What happened

Mr and Mrs R took out an annual multi-trip travel insurance policy on 21 September 2021. The policy started on 10 October 2021 and expired on 9 October 2022. The policy was underwritten by Chaucer.

Mr and Mrs R booked to go on a 12-day coach trip starting on 26 September 2022 and returning on 7 October 2022. On day 2 – 27 September 2022 - of their trip, Mrs R was unwell. She tested positive for Covid-19. Mr and Mrs R were refused onto the coach and were asked to stay in the hotel and to contact their travel insurance company. They remained at the hotel for seven days and were repatriated to the UK by Chaucer.

Upon their return, Mr and Mrs R submitted a claim on their travel insurance policy. Chaucer assessed the claim. It settled their claim for medical and other expenses for £359.34. It also partly settled their claim for the loss they incurred for the cost of their holiday – Chaucer paid £1,509 for this – only up to the period they were in confinement, which was six days. It didn't cover the cost for their food and drink, and it didn't cover the remaining part of their trip, which they couldn't go on. Mr and Mrs R made a complaint to Chaucer who stood by its decision not to fully settle their claim. It said no other sections of Mr and Mrs R's policy terms and conditions apply in the circumstances of what happened.

Unhappy with Chaucer's final response, Mr and Mrs R brought their complaint to this service.

Our investigator looked into the complaint and upheld it. She said given that Chaucer has paid some of Mr and Mrs R's costs under confinement, she concluded that their holiday had effectively been curtailed. She recommended that Chaucer settles Mr and Mrs R's claim for the remaining days of their trip, in line with the '*Cancellation or Curtailment/Loss of Holiday*' section of their policy and add 8% simple interest per annum, one month from the date of the claim to the date of payment.

Chaucer didn't agree with the investigator's opinion and asked for the complaint to be referred to an ombudsman. So, it's been passed to me.

In summary, Chaucer said the definition of curtailment is 'cutting your planned trip short' by returning early to your home or admission to hospital as an inpatient where the benefit of the accommodation booked is lost. It's not fair to ask Chaucer to pay for the claim which is outside of the policy terms and conditions.

## 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 regulator's rules say that insurers must handle claims promptly and fairly. And they mustn't turn down claims unreasonably.

On page 7 of the policy terms and conditions, under section 1 states:

### *"Section 1*

#### *Cancellation or Curtailment/Loss of Holiday*

*You are covered up to the amount shown in the Benefits Schedule applicable to Your chosen Level of cover shown on Your Policy certificate for the pro-rata costs of the unused travel and accommodation costs (including unused pre-booked excursion up to a value of £100) that have been paid or where there is a contract to pay that cannot be recovered from anywhere else if the cancellation or Curtailment of Your Trip is necessary and unavoidable as a result of the following:*

- a. You dying or You suffering Accidental Bodily Injury, or You testing positive for Coronavirus within 14 days of Your Trip departure date, or You being admitted to hospital due to testing positive for Coronavirus since You purchased Your policy or You suffering an unexpected Illness."*

Further down in this same section, it states:

*"Under a. above, this cover extends to include the Loss of Holiday, where applicable, for a period in excess of 24 hours."*

" *Loss of Holiday*" is defined in the policy terms and conditions as:

*"Loss of holiday means the number of days You are confined to a hospital, hotel room or cabin on Your treating doctor's orders and are unable to participate in Your planned Trip, due to death, serious injury or Illness."*

Chaucer hasn't disputed that an insured event occurred. That is, a medically approved positive Covid-19 test result and the requirement for Mrs R to isolate. Chaucer paid for medical expenses and other expenses and arranged for Mr and Mrs R to return home after the isolation period had finished on 4 October 2023. So, it's accepted that a claim is payable because of an unexpected illness. Chaucer therefore paid for six days which was the period Mr and Mrs R were in isolation. And for the remaining days of the trip, which they didn't get to go on, Chaucer referred Mr and Mrs R to their travel provider to recover the cost. However, their travel provider has confirmed that there is no refund available for this.

Under Mr and Mrs R's travel policy, curtailments costs mean: *"travel costs necessary to return you home before the booked return date and a pro-rata amount representing the total pre-paid or contracted costs of accommodation, car hire and excursions attributable to each complete day which is not spent overseas"*.

I'm satisfied that Mr and Mrs R's trip was curtailed, and holiday lost, by an insured event because straight after the isolation period, they were repatriated due to having suffered an unexpected illness.

I understand that Chaucer objects to paying for the lost holiday because it says curtailment means cutting your planned trip short by early return to your home country. I appreciate this but Mr and Mrs R were returned to the UK as soon as possible and when they were allowed to do so.

While I appreciate that Chaucer say the cost of the remaining part of the trip, following isolation, isn't covered under their travel policy, I need to consider whether that's fair and reasonable in the circumstances of what happened here.

I've considered Mr and Mrs R's coach trip itinerary. The trip was a round trip going through three countries and not based in one place. By the time Mr and Mrs R had completed the isolation period, the trip had moved on and it wouldn't have been possible for them to re-join the trip. My understanding is that the option to re-join wasn't explored and they were repatriated to the UK. It also wouldn't have been reasonable for them to have done so at this point as it would have meant they had to travel to a different country. And, from the information available, Chaucer arranged for their repatriation following the isolation period. Additionally, based on evidence available, the travel provider refused Mr and Mrs R to get onto the coach when it became aware that Mrs R had Covid-19 and therefore, their trip had been curtailed from day 2 onwards.

While I understand that Chaucer thinks Mr and Mrs R have no cover for the remaining days of the trip and asked them to contact their travel provider for a refund, from the information available, the travel provider confirmed there was no refund due.

I'm satisfied therefore, based on what I've seen, that Mr and Mrs R's trip was curtailed from 27 September 2022. Although they didn't return home at this point, this was because they were confined to their room in isolation and could only return home when the isolation period ended. They had paid for the trip and due to testing positive for Covid-19, they were in isolation from day 2 to day 8 of their trip. The curtailment claim has stemmed from the unexpected illness. So, I think their trip had been curtailed from the second day – 27 September 2022. I accept that they had recovered following the isolation period, but by that time, the trip had moved on to another country. And I also accept that had they chosen to stay in that same country, then cover wouldn't be available. But Mr and Mrs R returned home and lost the rest of their trip because of the unexpected illness.

It follows that I don't think it's fair or reasonable for Chaucer to decline part of Mr and Mrs R's claim on the basis that their trip was curtailed on the date they returned to the UK. So, I direct Chaucer to deal with the balance of Mr and Mrs R's claim under the curtailment/loss of holiday provisions of their travel policy, subject to the remaining policy terms.

### **Putting things right**

Chaucer should do the following to put things right:

- Chaucer should reassess Mr and Mrs R's curtailment claim on the basis that their trip was curtailed on 27 September 2022, subject to the remaining terms and conditions of the policy and taking into account the payment it has already made.
- Chaucer should also add 8% simple interest, per annum, one month from the date of the claim to the date of payment.

### **My final decision**

For the reasons given above, I uphold Mr and Mrs R's complaint about Chaucer Insurance Company Designated Activity Company. It should now take the steps as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs R to accept or reject my decision before 21 December 2023.

Nimisha Radia  
**Ombudsman**