

The complaint

Mr and Mrs W have complained about the claim settlement they have received from AWP P&C SA ('AWP').

All reference to AWP includes any agents acting on its behalf.

What happened

Mr and Mrs W booked a 99 day cruise in 2019 which had to be moved a number of times due to the Covid-19 pandemic. However, they had to cancel the trip due to the ill health of a close relative. They made a claim for the cost of the deposit.

AWP reviewed and accepted the claim but only paid a pro-rata amount by calculating the daily cost of the deposit and multiplying this by the maximum trip duration which was 62 days. And it said this was the maximum it would pay as Mr and Mrs W hadn't purchased a trip extension to cover them for the full 99 days.

Mr and Mrs W complained and said the policy terms didn't make it clear that a trip extension had to be bought before the start of the trip, for the purposes of the cancellation section.

Unhappy with AWP's response, they referred their complaint to the Financial Ombudsman Service.

Our investigator looked into the complaint but didn't think AWP had done anything wrong.

Mr and Mrs W disagreed and in summary said the policy wasn't clear about when a trip extension needed to be bought and if it had been, they would have purchased the trip extension when they booked the cruise.

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.

- The relevant rules and industry guidelines say an insurer should handle claims promptly and fairly. And shouldn't unreasonably reject a claim.
- The background is well known to both parties and so in my decision, I will only focus on what I consider to be key to my conclusions. I would like to reassure Mr and Mrs W that I have carefully considered everything they have said, even if I don't explicitly refer to it in my decision.
- The policy terms on page 11 define 'trip' and say this is for: "*a maximum duration of 62 consecutive days.*" It confirms the maximum duration can be increased by

purchasing a trip extension upgrade.

- On page 17, the trip extension section confirms: *“If any trip exceeds your chosen trip duration limit...there is no cover under this policy for any part of the trip beyond the maximum trip duration...”*
- Under the general conditions section, the policy confirms: *“The maximum duration of any one trip is 62 consecutive days...If any trip exceeds your chosen trip duration limit, we will not provide cover for any part of that trip beyond the covered trip duration.”*
- Mr and Mrs W say they did not intend to go on a 99 day trip with a 62 day insurance policy. They fully intended to extend the policy before starting the trip. The policy doesn't say extended cover needs to be in place from the point of booking. And AWP should make its requirements clear. They say cancellation is simply an event at day zero and should be covered.
- I've carefully considered what Mr and Mrs W have said but I don't agree with them. I think the policy terms are clear that there is no cover for a trip beyond the maximum trip duration, which in this case is 62 days, unless an extension is purchased. Mr and Mrs W accept they didn't purchase an extension and so AWP calculated the payment based on 62 days. I don't think this was unreasonable.
- If a trip lasts more than 62 days, it is going to cost more than a trip lasting 62 days or less. So that means the risk to AWP increases due to the costs involved but also the amount of time they are on risk. And I don't think it's reasonable to assume that a trip extension isn't needed for cancellation claims. The deposit for a 99 day cruise is likely to be higher than a deposit for a 62 day cruise. The longer the trip, the higher the cost for AWP, if a trip was to be cancelled.
- Overall, I am satisfied that AWP's terms are clear about the maximum trip duration which is applicable to all sections of the policy. And so I think the claim settlement for 62 days is fair and reasonable in all the circumstances and I can't fairly ask it to pay any more.

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 W and Mr W to accept or reject my decision before 27 February 2024.

Shamaila Hussain
Ombudsman