

The complaint

Mr and Mrs F have complained that U K Insurance Limited (UKI) declined a claim they made on their travel insurance policy after their flight was delayed and then cancelled. They have also complained about poor service in relation to how the claim was handled.

What happened

On 8 July 2023 Mr and Mrs F arrived at the airport to catch a flight to a European city. They were due to spend two nights in that city before embarking on a cruise. However, after checking in for their flights, the airline firstly told them that the flight was delayed and then that it had been cancelled. This was due to bad weather.

The flight was due to depart at 11.50am. They were sent a message at 8.51am informing them that it was delayed and then another message at 9.50am that it had been cancelled. They were also informed on 8 July 2023 that their planned return flight on 20 July 2023 had also been cancelled.

The earliest available flight wasn't for two days, which meant they would have missed their cruise. So, they arranged a flight for the following day with an alternative airline flying out of a different airport. Although the original airline reimbursed some of their costs, they are claiming for the additional cost of the new flights, loss of the first two days in the European city, and extra travel costs between airports (although they have also included mileage from the original airport to home).

UKI declined the claim on the basis that the circumstances were not covered under the policy terms.

In response to the complaint, UKI accepted there had been poor service and offered £125 compensation. But it maintained that the claim had been correctly declined.

Our investigator thought that it would be fair and reasonable for UKI to pay the claim. So, she recommended that the complaint should be upheld. UKI disagrees with the investigator's view and so the complaint has been passed to me for a 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.

I've carefully considered the obligations placed on UKI by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for UKI to handle claims promptly and fairly, and to not unreasonably decline a claim.

Looking at the policy wording, under Section B, Delayed or Missed Departure it states:

'What is covered

3. Abandoned International Departure (outbound only)

We will cover you for your:

- *unused deposits;*
- *accommodation and travel costs (including car hire, excursions and activities); and*
- *unused kennel, cattery, professional pet sitter or car parking charges that you have paid or legally have to pay if you choose to abandon your trip because your prebooked aircraft, ship or train is delayed beyond the time shown on your travel itinerary at the point of international departure from the UK by more than:*
 - *six hours if your trip is scheduled to last four nights or less; or*
 - *12 hours if your trip is scheduled to last five nights or more.'*

Alternatively, you may choose to continue to your intended destination by alternative means, in which case we will cover you for the lower of the costs so incurred or the amount it would have cost to abandon your trip.

What is not covered

- *any claim where the aircraft, ship or train on which you are booked to travel is cancelled by the operator;'*

UKI declined the claim on the basis that Mr and Mrs F's flight was only delayed by approximately one hour before it was cancelled, and cancellation of flights isn't covered under the policy.

I accept that, on a strict interpretation of the policy, the claim may not be covered. But I can depart from a strict application of the contract terms if I conclude they lead to an unfair result.

The flight was first delayed and then cancelled. Our general approach to cases like this is to consider the impact of the delay or cancellation on the consumer. In this scenario, the impact of the flight cancellation (and the lack of availability of an alternative flight with the same provider for two days) on Mr and Mrs F was the same as if the flight had been delayed for two days. So, in this case, it would be fair for UKI to treat Mr and Mrs F as having been, in effect, delayed by more than 12 hours. As such, Mr and Mrs F would have been entitled under the policy terms to abandon the trip or, as they did, travel to their intended destination by alternative means.

Overall, I think that a fair and reasonable outcome to this complaint would be for UKI to settle the claim as if Mr and Mrs F had suffered a delay of more than 12 hours, in line with the remaining terms and conditions of the policy.

In saying that, Mr and Mrs F should be aware they may not be entitled to reimbursement of for all the costs they are claiming for. For example, there is no cover under the policy for lost enjoyment of the first two days of their holiday.

In addition to settling the claim, UKI should add interest to the settlement at an annual rate of 8% simple, from the date of the claim until the date it is settled.

My final decision

For the reasons set out above, my decision is that I uphold this complaint.

UK Insurance Limited should settle the claim, in line with the remaining policy terms and conditions. It should also add simple interest to the settlement amount at an annual rate of 8% from the date of the claim until the date it is settled.

In addition, UK Insurance Limited should also pay the £125 compensation for poor service, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Mrs F to accept or reject my decision before 23 February 2024.

Carole Clark

Ombudsman