

## **The complaint**

Mr L1, Mrs L, Mr L2 and Mr L3 complain about U K Insurance Limited's (UKI) settlement of their travel insurance claim. My references to UKI include its claim handler agent. Mr L1 has led the claim and complaint for his family so for simplicity I'll just refer to Mr L1 unless the facts require otherwise.

## **What happened**

Mr L1 has travel insurance through a bank account. Under the terms of the policy his wife, Mrs L, is covered as are their children Mr L2 and Mr L3, who were 20 and 21 years old at the relevant time, if they met the policy definition of 'dependent child' set out in policy terms. The insurer is UKI.

Mr L1 and Mrs L, Mr L2 and Mr L3 had planned to travel abroad. Mr L2 and Mr L3 went on the trip and Mr L1 and Mrs L had been due to join them a week later. Sadly, in the week leading to Mr L1 and Mrs L's departure her sister, who had a long standing medical condition, became critically ill and passed away soon after.

Due to Mrs L's sister's illness Mr L1 cancelled his and Mrs L's trip a day before they were due to travel. He arranged for Mr L2 and Mr L3 to return to the UK from abroad, which they did about nine days into their trip. Mr L1 claimed for the cost of his and Mrs L's cancelled trip and the curtailment costs for Mr L2 and Mr L3.

UKI paid the cancellation costs for Mr L1 and Mrs L, although initially it didn't pay the full cancellation costs that were due. UKI wouldn't pay the curtailment costs for Mr L2 and L3 as it said their claim wasn't covered by the policy terms. The policy covered curtailment costs if a 'close relative' was seriously ill but the policy definition of 'close relative' didn't include the family relationship between Mr L2, Mr L3 and their aunt.

Mr L1 complained to UKI that he'd made several calls to it before the trip cancellation and curtailment to check he was covered and was told he was covered for both. UKI listened to the relevant calls and said Mr L1 only told it about his sons travelling when he mentioned he needed to repatriate them from abroad and it hadn't specifically told him that Mr L2 and Mr L3's curtailment costs would be covered.

In UKI's final response letter it apologised for its service around the delay in full payment of Mr L1 and Mrs L's cancellation costs and customer service issues around some of its calls with Mr L1. UKI offered £350 in compensation for Mr L1, Mrs L, Mr L2 and Mr L3's distress and inconvenience, which I understand has been paid to Mr L1. After Mr L1 complained to us UKI offered a further £150 in compensation making a total of £500.

Mr L1 was unhappy with UKI's increased offer. He wants UKI to pay the curtailment costs due to his sons' early return and more compensation for its poor service. In summary he said:

- He had several calls with UKI before the family travelled. He told UKI he would be travelling with his sons and UKI told him there was cover for cancellation or

repatriation of a trip due to the death of a 'first degree' relative. If UKI wasn't going to cover Mr L2 and Mr L3's costs it should have told him before they went on the trip.

- Mr L2 and Mr L3's later part of their trip was dependent on his and his wife's trip and his sons wouldn't have been able to complete the holiday on their own because they couldn't have driven the rental car between destinations, among other factors.
- It wasn't reasonable for the policy terms not to cover Mr L2 and Mr L3's curtailment costs as the policy was a 'family insurance product' but UKI's decision meant it didn't protect the family as a whole. The policy should have been clear that if they had to curtail a holiday for serious illness or death in the family UKI would only pay for him and his wife.

Our Investigator said UKI has reasonably declined the curtailment costs for Mr L2 and Mr L3 and UKI's revised compensation offer of £500 in total was fair for the distress and inconvenience its service issues had caused.

Mr L1 disagrees and wants an ombudsman's decision.

Before I made a decision I asked UKI to provide recordings of calls it had with Mr L1 from 26 August to 22 September 2022. I've listened to those calls and will detail my findings below.

### **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. I think UKI reasonably settled the claim and has now offered fair compensation. I'll explain why.

Travel insurance policies don't cover every situation in which a consumer finds themselves. UKI can decide what risks it wants to cover in its insurance contract, the policy. The terms and conditions of the policy set out what UKI will cover.

The policy says at 'Section C – Cutting short your trip (after your trip has started)' that UKI will cover certain costs, which are set out in the policy, if a trip is cut short due to:

*One of the following people dies, is seriously injured or is seriously ill:  
..a close relative'.*

Under the definitions section of the policy document, a 'close relative' is defined as:

*'your partner; fiancé(e); parent, parent-in-law, step-parent or legal guardian; child, step-child or foster child; sibling; sibling-in-law, half-sibling or step-sibling; grandparent or grandchild'.*

The family relationship between Mr L2 and Mr L3 and their aunt isn't included within the policy definition of a 'close relative'. So under the policy terms there's no cover for their curtailment costs due to their aunt's serious illness. UKI correctly declined those costs in line with the policy terms.

I also have to decide whether UKI's decision not to pay those costs was fair and reasonable in all the circumstances, and I think it was.

Mr L1 says the policy was sold to him as a 'family insurance product' so it should cover the family as a whole. Mr L1 has the policy through a packaged bank account and it's a standard policy for his account type. UKI isn't responsible for the 'sale' of the policy and he should contact the bank about any concerns he has about how the policy was described to him when he chose to take a packaged bank account.

As to the policy terms, it's not unusual for an insurer to limit the family relationships it wants to cover in the unfortunate event of a family member's serious illness or death. The definition of 'close relative' in this policy isn't unusual, so I think UKI acted reasonably in not highlighting the definition any more than it did in this policy. The policy does cover 'dependent children' for some insured events as detailed in the policy terms. But that doesn't mean they will be covered for all situations.

Mr L1 says Mr L2 and Mr L3 wouldn't have been able to continue their trip without him and his wife being there with them. But that doesn't mean UKI has to cover Mr L2 and Mr L3's curtailment costs, which aren't covered by the policy terms.

I've also considered whether Mr L1 was disadvantaged by the information UKI gave him in three relevant calls, which were the calls before Mr L2 and Mr L3 cut short their trip. The fourth call, on 22 September 2022, was after Mr L1 and Mrs L's trip cancellation and Mr L2 and Mr L3's curtailment, so not relevant.

In the first call, on 26 August 2022, Mr L1 told UKI that 'we' were due to go abroad in a couple of weeks and he explained about his sister-in-law's illness. UKI told Mr L1 he was covered to cancel or to curtail the trip. Mr L1 didn't tell UKI that his sons would be going on holiday with him and his wife and his sons' situation wasn't discussed in that call.

In the second call, on 5 September 2022, Mr L1 and Mrs L were travelling to see her sister and the discussion between them and UKI was about what documents they needed to provide to make a claim. Mr L1 said he wanted reassurance if they were to cancel the holiday. Neither Mr L1 nor Mrs L told UKI that their sons were travelling too. By that date Mr L2 and Mr L3 were already abroad.

I don't think UKI acted unreasonably in the above two calls by not telling Mr L1 that Mr L2 and Mr L3's cancellation or curtailment cost wouldn't be covered because he didn't tell UKI that his sons would be travelling.

In the third call, which I understand was later on 5 September, Mr L1 told UKI that he and his wife were cancelling their trip, he couldn't get through to the airline and he needed advice as they were due to fly abroad the next day to meet their sons who were already abroad. Mr L1 said he needed to get them back to the UK as a priority. This was the first time UKI had been told that Mr L2 and Mr L3 were also travelling. UKI said there was a section in the policy that covers cutting a trip short for medical reasons. Mr L1 said his sister-in-law was very ill and UKI told him he had grounds to submit a claim for expenses for a trip cut short.

UKI has said that in this third call it didn't confirm to Mr L1 that the costs for his sons' curtailment would be covered. But having listened to the call I think UKI gave Mr L1 the impression that those costs would be covered, which wasn't correct.

However, I don't think Mr L1 was disadvantaged by UKI giving him the wrong information in the third call. I say that because Mr L1 has been clear that Mr L2 and Mr L3 couldn't continue their trip without him and his wife joining them. So even if UKI had been clear that Mr L2 and Mr L3's curtailment costs weren't covered I think it's more likely than not that they would have cut short their holiday anyway because they couldn't continue the trip without

their parents. Mr L1 had also made clear to UKI that he and his wife had to cancel because of his sister-in law's illness.

I've also considered whether in the first call UKI should have reasonably asked Mr L1 who was travelling, rather than rely on him to tell it his sons were also travelling. But even if I thought UKI should have asked, it would have told Mr L1 that the cancellation costs for his sons wouldn't be covered. The difference would be that there wouldn't be the early return flight costs for Mr L2 and Mr L3. But I don't think I can reasonably say UKI should pay those flight costs as by not cancelling the trip Mr L2 and Mr L3 had a week of their holiday.

For the reasons above I think UKI made a reasonable settlement of the claim.

I think Mr L1 had a loss of expectation when UKI later correctly told him that Mr L2 and Mr L3's costs weren't covered by the policy terms, but that doesn't mean UKI has to pay that part of the claim. I look to award compensation, not for the value of the claim but for the loss of expectation.

UKI accepts there were some service issues in how it dealt with the claim. There were delays in UKI paying Mr L1 the full amount due for his and his wife's cancellation costs and some customer service issues when Mr L1 spoke to UKI after the claim was made. As I've said, I also think there was Mr L1's, and his family's, loss of expectation around Mr L2 and Mr L3's curtailment costs. I don't think UKI's original offer of compensation was enough for those matters.

However, since Mr L1 complained to us UKI has offered another £150 compensation in addition to the £350 I understand it's already paid Mr L1. Taking into account the distress, inconvenience and loss of expectation UKI unfairly caused Mr L1 and his family I think its new offer of £500 compensation in total is a reasonable amount.

### **Putting things right**

UKI should pay £150 compensation in addition to the £350 it's already paid for Mr L1, Mrs L, Mr L2 and Mr L3's distress, inconvenience and loss of expectation UKI unfairly caused, as it's now agreed.

### **My final decision**

I partly uphold this complaint.

I require U K Insurance Limited to pay £150 compensation in addition to the £350 it's already paid for Mr L1, Mrs L, Mr L2 and Mr L3's distress, inconvenience and loss of expectation UKI unfairly caused, as it's now agreed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L1, Mrs L, Mr L2 and Mr L3 to accept or reject my decision before 18 March 2024.

Nicola Sisk  
**Ombudsman**