

The complaint

Mrs M and Mr R complain that U K Insurance Limited (UKI) has turned down a claim they made on a travel insurance policy.

As Mr R brought the complaint to us, for ease, I've referred mainly to him.

What happened

Mrs M and Mr R have travel insurance as a benefit of an account with their building society,

Mr R was abroad and was due to fly back to the UK. However, upon arriving at the airport, Mr R found that he didn't have his passport with him. His hotel found the passport and a taxi was arranged to transport the passport to Mr R. However, due to adverse weather on the roads, the flight gate had already closed before the taxi arrived at the airport. So Mr R missed his return flight and incurred costs in arranging a new flight and additional accommodation. He made a claim on the travel insurance policy.

UKI turned down Mr R's claim. It said the circumstances of the claim weren't covered by the policy terms. But it accepted that it hadn't handled Mr R's claim as well as it should have done and so it offered Mr R £100 compensation to reflect this.

Mr R was unhappy with UKI's offer and he asked us to look into his complaint. He questioned why his claim wasn't covered under the loss of passport section of the policy and why UKI hadn't considered this point. He remained unhappy with the service he'd received from UKI.

UKI subsequently contacted us to offer Mr R additional compensation of £75 – taking its total compensation offer to £175.

Our investigator felt UKI had made a fair offer to settle Mr R's complaint. He didn't think the claim was covered under the loss of passport section of the policy. And he noted that the policy specifically excluded cancellation claims which arose because a policyholder didn't have the right passport. So he thought it had been fair for UKI to turn down this claim. And the investigator also felt that while UKI had made errors in the way it handled Mr R's claim, the compensation it had already offered was fair and reasonable.

I issued a provisional decision on 2 January 2024, which explained the reasons why I thought UKI had already made a fair offer to settle this complaint. I said:

'The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So I've considered, amongst other things, the terms of this policy and the circumstances of Mr R's claim, to decide whether I think UKI treated him fairly.'

I've first considered the policy terms and conditions, as these form the basis of the insurance contract. I note that both UKI and our investigator referred to a specific exclusion for claims arising because a policyholder doesn't have the right passport. However, I don't agree that

this particular exclusion can be applied to the circumstances of this claim. That's because the exclusion is set out in the cancellation section of the policy and therefore applies to cancellation claims. But Mr R's trip wasn't cancelled and this isn't a cancellation claim.

Instead, I think the claim should properly be considered under the 'Missed Departure or Connection' section of the policy. This says:

'We will pay up to £1,000 (£500 for trips inside your home area) for each insured person for reasonable extra accommodation and travel costs if you fail to arrive at your point of departure or connection in time to board your pre-booked aircraft, ship or train.

Reasons for missed departure or connection

- 1. Public transport delay: the delay of scheduled public transport (not taxis) in which you are travelling to your departure point.*
- 2. Car accident or breakdown: the vehicle in which you are travelling being involved in an accident or breaking down.*
- 3. Traffic delay: the vehicle in which you are travelling being delayed by heavy traffic or road closures severe enough to be reported through a recognised media channel.'*

The evidence indicates that Mr R arrived at the airport in good time to catch his scheduled flight. The flight was missed because he'd left his passport at the hotel and the taxi transporting the passport to the airport didn't arrive before the gate closed. So I don't think I could fairly find that Mr R's claim is covered by the missed departure section of the policy.

Mr R feels strongly that his claim should have been assessed under the 'Emergency Passport, Visa or Driving Licence' section of the policy. This says:

*'This section provides cover if **your passport, visa or driving licence is lost or stolen and you need an emergency document in order to continue your trip or return home...***

We will pay up to £750 for each insured person if your passport, visa or driving licence is lost, stolen or damaged while you are on your trip and this prevents you from continuing your trip or returning home, including:

- The cost of getting a temporary passport, a temporary visa or confirmation of your licence details.*
- Reasonable extra travel and accommodation costs while on your trip.' (Emphasis added)*

It's unfortunate that UKI didn't specifically address this point when it declined Mr R's claim or issued its final response to his complaint. But I don't think this means the claim should therefore be payable. I appreciate Mr R did incur extra travel and accommodation costs because he'd temporarily misplaced his passport. But in my view, the policy terms make it clear that cover under this section applies if policyholder needs an emergency document to return home. In this case, Mr R didn't need an emergency document to return home. Instead, after his passport had been found in the hotel, it was taxied to him. He was able to use his standard passport to return home. So I don't think I could fairly or reasonably direct UKI to pay Mr R's claim under this section of the policy either.

Overall then, I currently think it was fair for UKI to turn down Mr R's claim.

However, UKI acknowledges that it did make mistakes in the way it handled Mr R's claim. It didn't communicate with him as well as it should have done and it didn't let him know his claim had been turned down in a timely way. UKI provided feedback to its claims team and it's offered Mr R total compensation of £175 to recognise the impact of his claims handling on him. In my view, this is a fair, reasonable and proportionate award to recognise the likely trouble and upset I think UKI's handling of this claim caused Mr R and Mrs M. I appreciate Mr R feels the compensation doesn't reflect the nature of UKI's service failings. But as the investigator agreed, it isn't our role to fine or punish the businesses we cover. And so it follows that I'm not directing UKI to increase its award.'

I asked both parties to send me any further evidence or comments they wanted me to consider.

UKI accepted my provisional findings.

Mr R disagreed with my provisional decision and I've summarised his response:

- He inferred that if his passport had not been found, then his claim would have been covered;
- He appreciated there was a clause in the policy requiring him to mitigate his losses, but he felt it was illogical that because he'd mitigated his losses, he wasn't then covered by the policy;
- He didn't think I'd considered the impact of inaccurate emails he'd been sent by UKI, which had promised a complaint response date which it didn't honour;
- UKI should be compelled to change the wording of its emails to accurately reflect its expected resolution times;
- Given I'd acknowledged there'd been repeated service failings, he was disappointed I hadn't accordingly increased the compensation award.

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, whilst I'm sorry to disappoint Mrs M and Mr R, I still think UKI has already made a fair offer to settle their complaint and I'll explain why.

It's clear that Mr R feels strongly that given he took steps to mitigate his losses by arranging a taxi to bring the passport to the airport, it's unfair and illogical that his claim hasn't been paid. I appreciate he'd like me to confirm whether, if his passport hadn't been found, his claim would have been covered. However, I've considered Mr R's complaint based on what *actually* happened. I don't think it would be appropriate for me to speculate on what hypothetically may have been covered had Mr R's passport been permanently lost.

I've carefully reconsidered the policy terms. But I've explained above why I don't think it was unfair for UKI to rely on its terms to turn down Mr R's claim. I still don't think there's any section of the contract which covers the situation in which Mr R found himself. And I don't think there are any fair or reasonable grounds upon which I could direct UKI to step away from a strict interpretation of the policy terms and pay Mr R's claim.

Mr R feels that the compensation UKI's offered isn't sufficient to reflect the impact its actions

had on him. But in my view, while UKI has accepted there were some errors in the way it handled his claim, the material distress and inconvenience these caused Mr R were likely to have been modest. And I still think that a total of £175 compensation is a fair, reasonable and proportionate award to reflect the upset I think Mr R was caused by UKI's delays in handling his claim.

When Mr R first made a complaint, on 16 August 2023, he was sent a complaint acknowledgment which suggested he'd receive a response by 13 September 2023. However, UKI sent an update which explained that it wasn't in a position to respond fully at that point. UKI sent its final response to Mr R on 5 October 2023. Under the regulator's rules, UKI has eight weeks to issue a final response to a complaint. I'm satisfied then that UKI issued its response to Mr R's complaint within the relevant eight-week period. And as we're not the regulator, we have no power to tell a business to change its policies, procedures or wordings in any event.

Overall, whilst I sympathise with Mr R's position, I still find that UKI has made a fair offer to settle his complaint.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that I think UKI has already made a fair offer to settle this complaint.

I direct U K Insurance Limited to pay Mrs M and Mr R total compensation of £175.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr R to accept or reject my decision before 13 February 2024.

Lisa Barham
Ombudsman