

The complaint

Mrs and Mr M complain about Liverpool Victoria Insurance Company Limited's (LV) decline of their travel insurance cancellation claim. My references to LV include its agents.

What happened

On 14 May 2023 Mrs and Mr M bought an annual multi-trip travel insurance policy on-line, the insurer was LV. The policy covered Mrs and Mr M and their two children. The policy cover began on 25 May 2023 and ended on 24 May 2024. The family were due to start a trip on 26 May 2023.

On 24 May 2023 Mrs M called LV to tell it her daughter had chickenpox so they might have to cancel the trip. On 26 May 2023, the date they were due to travel, Mrs and Mr M cancelled the trip due to the illness. They made a cancellation claim on the policy.

LV declined the claim. It said Mrs and Mr M had cancelled the trip on 24 May 2023 before the policy cancellation cover started on 25 May 2023. And there was no policy cover at the time of the incident which gave rise to the claim.

Mrs and Mr M complained to us that LV's decision was unfair. In summary they said:

- When Mrs M spoke to LV on 24 May 2023 there was only a possibility that they couldn't go on holiday. They were still planning to fly if no more chickenpox spots appeared on their daughter but as more appeared on the day of travel the airline wouldn't have allowed them to fly so they had to cancel the trip.
- Mrs M only phoned LV on 24 May 2023 because the policy asked for notification of possible cancellation as early as possible. They said they were being penalised for contacting LV early about the possible cancellation as if they'd just cancelled the trip on the day they were due to travel LV would have paid the claim.
- When they'd taken out a travel insurance policy in the past the cancellation cover started immediately they bought the policy. When they bought this policy it wasn't clear that cancellation cover didn't start immediately. If they'd known they would have asked for cover to start immediately.
- Their daughter's chickenpox may have started before the policy cover started but she didn't have chickenpox when they took out the policy. So her daughter had an unforeseen illness which meant they had to cancel the trip and the policy covered unforeseen illness.

Our Investigator said that if Mrs and Mr M considered that the policy sale process was unclear about when policy cover started they would need to make a separate complaint about the sale of the policy to the business that sold the policy. He said LV had reasonably declined the claim as Mrs and Mr M's daughter's chickenpox had started before the policy cover started.

Mrs and Mr M disagree that LV acted reasonably and want an ombudsman's 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.

Our Investigator correctly told Mrs and Mr M that if they wanted to make a complaint that the policy was mis-sold they would first need to complain to the seller of the policy. Ultimately if agreement can't be reached on that matter they can make a separate complaint to us about that matter.

This decision is about whether LV reasonably declined the claim. The relevant regulator's rules say that insurers must handle claims promptly and fairly and they mustn't turn down claims unreasonably. I'm sorry Mrs and Mr M and their children weren't able to go on the holiday which was for a special occasion. But I think LV reasonably declined the claim and I'll explain why.

The policy says under 'period cover':

'For annual multi-trip cover

Cancellation cover begins on the cover start date shown on your schedule or the date you booked your trip, whichever is later, and ends when you start your trip.

For all other sections, cover starts at the beginning of your trip and finishes at the end of your trip'.

The policy schedule that was sent to Mrs and Mr M when they took out the policy says cover started on 25 May 2023. They didn't book the cancelled holiday at a later date so the cancellation cover started on 25 May 2023.

I've seen the correspondence between our Investigator and Mrs and Mr M about whether or not they cancelled some elements of the holiday before the cancellation cover started. But even if they cancelled the flight and accommodation on the 26 May, a day after the cover started, LV can still reasonably decline the claim.

That's because the important point is that the event which caused the cancellation of the trip, Mrs and Mr M's daughter's chickenpox, started before the policy cancellation cover started on 25 May 2023.

Mrs and Mr M say it was only when fresh chickenpox spots appeared on 26 May 2023 that it became necessary to cancel the trip. But Mrs M told LV in the 24 May call that her daughter already had chickenpox so I'm satisfied that the illness which caused the claim started before the cancellation cover started on 25 May 2023.

Although the policy covers cancellation of a trip due a travelling companion's '*unforeseen illness*', at the time the cancellation cover started on 25 May 2023 Mrs and Mr M's daughter's chickenpox wasn't unforeseen as she already had the illness.

I understand Mrs and Mr M's daughter didn't have chickenpox when they bought the policy but that illness, which caused the trip cancellation, started before the cancellation cover started on 25 May 2023.

As Mrs and Mr M note, the policy says under the cancellation section '*If you think you need to cancel your trip, even if you're not 100% sure, please call the claims line as soon as you can*'. It should also be noted that the policy wording continues with '*Not all reasons that may result in you having to cancel a trip are covered*'.

I don't think Mrs and Mr M were disadvantaged by phoning LV early to tell it about the possible cancellation, as they suggest. Whether or not they'd contacted LV before the cancellation cover started when they made the claim I think it's highly likely that LV would have asked them to provide a medical certificate completed by a GP to support that it was medically necessary for the trip to be cancelled due to the chickenpox. The medical certificate would ask when the illness started and the date given would have been before 25 May 2023, before the cancellation cover started. So LV would still have declined the claim.

Overall I'm satisfied that LV reasonably declined the claim.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 28 February 2024.

Nicola Sisk
Ombudsman