

The complaint

Mr and Mrs G complain that Liverpool Victoria Insurance Company Limited (LV) hasn't paid a claim they made on a travel insurance policy.

What happened

The background to this complaint is well-known to both parties. So I've simply set out a summary of what I think are the main events.

In 2019, Mr and Mrs G booked a holiday abroad and they were due to travel in April 2020. They booked flights through a travel agent which I'll call A and they booked a tour separately through another company. They took out a travel insurance policy to cover their trip.

As a result of the Covid-19 pandemic, Mr and Mrs G's trip had to be rescheduled – first until 2021 and then until to April 2022. They continued to hold travel insurance through LV during this period.

Mr and Mrs G asked A if it could rebook flights for November 2022 to allow them to make use of their tour. However, A couldn't offer flights which matched-up with Mr and Mrs G's tour dates and it said the airline wouldn't allow it to book either indirect flights or flights with another airline. As Mr and Mrs G weren't able to take their tour, they decided to cancel it and received a refund of their costs from the tour company. And unable to use the flight booking, they requested a refund of their pre-paid flight costs from A; from the airline and they made a section 75 claim on their credit card, which was declined.

As Mr and Mrs G were unable to recover their flight costs, they made a cancellation claim on their travel insurance policy.

LV requested further evidence from A to demonstrate that Mr and Mrs G's costs were irrecoverable but it appears this information wasn't forthcoming. Mr and Mrs G also got back in touch with A, along with writing to its directors, to ask if it could confirm their loss was irrecoverable. However, they didn't receive a response. LV wasn't persuaded that Mr and Mrs G had substantiated their claim and so it didn't agree to settle it.

Unhappy with LV's decision, Mr and Mrs G asked us to look into their complaint.

Our investigator thought Mr and Mrs G's complaint should be upheld. She was satisfied that Mr and Mrs G had taken reasonable steps to try and obtain confirmation from A that their flight costs weren't recoverable. Given A's lack of response over a prolonged period of time, she felt there was little more Mr and Mrs G could do. And she noted the policy allowed LV to take legal action to recover losses it paid out, so she felt it could pursue A if it chose to do so. Overall, she recommended that LV should reassess Mr and Mrs G's claim.

LV disagreed and so the complaint's been passed to me to decide.

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 LV has treated Mr and Mrs G fairly and I'll explain why.

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 Mr and Mrs G's policy and the available evidence, to decide whether I think LV treated Mr and Mrs G fairly.

I've first considered the policy terms and conditions, as these form the basis of Mr and Mrs G's contract with LV. Page nine of the policy says:

'Travel insurance...only provides cover for costs that you're not entitled to recover by way of compensation or a refund from elsewhere.'

This means that LV will only pay claims for a policyholder's irrecoverable losses. This isn't an unusual term in travel insurance policies and most, if not all, travel insurers require policyholders to provide evidence that they haven't been able to recover their costs from elsewhere before agreeing to pay a claim.

And it's a general principle of insurance that it's a policyholder's responsibility to provide enough evidence to show they have a valid claim on a policy. So generally, I think an insurer is reasonably entitled to require substantiation of a claim before it agrees to accept it.

However, I've considered Mr and Mrs G's complaint based on its own specific circumstances, facts and evidence. From the evidence both parties have provided, I can see that Mr and Mrs G have made repeated attempts to obtain confirmation from A that their flight costs are now irrecoverable. In September 2022, Mr and Mrs G requested a refund of their flight costs from A. It responded to say that it couldn't obtain a refund from their airline. An email to the airline from around the same time directed Mr and Mrs G back to A. I've seen a copy of an email Mr and Mrs G sent to A on 22 November 2022 which asked for a confirmation that there was no option to rebook their flights or obtain a refund. And Mr G chased this up again on 2 December 2022.

It seems LV contacted A in January 2023 and was told that Mr and Mrs G might have the option to reschedule their flights. Mr and Mrs G say they tried to contact A to discuss the matter but its staff were obstructive. I've seen copies of letters Mr G sent to A's directors in February 2023 which explained the situation and asked if a letter stating that their costs were irrecoverable could be provided. It doesn't appear that A has responded to Mr and Mrs G's requests. And I've seen a copy of a letter from Mr and Mrs G's bank, dated July 2023, which stated that a section 75 claim they'd made on their credit card hadn't been successful either.

On that basis, I do think Mr and Mrs G have shown they've taken repeated, reasonable and appropriate steps to try and obtain the claims evidence LV says it requires to assess their claim. Given the holiday was cancelled around 16 months ago and A hasn't provided the evidence to date, it seems very unlikely to me that Mr and Mrs G will be in a position to obtain it. In my view, there is very little more they can do. And it appears unfair and unreasonable that their claim can't be moved forward as a result of A's failure to furnish them with evidence they've continued to ask for.

As the investigator said, the policy terms also say that LV can take legal action to recover monies it's paid out. So it's open to LV, should it ultimately pay the claim, to seek recovery of any settlement from A.

Overall, on the specific facts of this complaint, I don't think it's fair or reasonable for LV to

continue to require Mr and Mrs G to provide further substantiation before it assess their claim. I think they've taken appropriate steps to show their losses are irrecoverable and it appears unreasonable for any further consideration of their claim to be delayed based on A's apparent failure to engage with them. So I find that the fair and reasonable outcome to this complaint is for LV to now assess Mr and Mrs H's claim, based on the available evidence, in line with the remaining terms and conditions of the policy.

My final decision

For the reasons I've given above, my final decision is that I uphold this complaint.

I direct Liverpool Victoria Insurance Company Limited to assess Mr and Mrs G's claim, based on the available evidence, in line with the remaining terms and conditions of the policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 24 April 2024.

Lisa Barham
Ombudsman