

The complaint

Mr M complains that Cowen Insurance Company Limited hasn't paid a claim under his travel insurance policy.

What happened

Mr M held a travel insurance policy which was underwritten by Cowen. He was due to travel abroad between 30 June 2023 and 8 July 2023 but the airline cancelled the flight on the day of the outbound flight. Mr M managed to book another flight to depart on 3 July 2023 to go on the trip, but that meant he missed out on the first part of his trip. So, Mr M made a claim under his travel insurance policy.

Cowen said flight cancellations by the airline are not covered by the policy unless these are due to a natural disaster or weather adversity. And if Mr M provides a letter from the airline confirming this was the reason for cancellation, it would review the claim. Mr M said he wasn't able to get this from the airline, so he brought a complaint to our service.

One of our investigators looked into what had happened. Having done so, she thought it would be fair and reasonable for Cowen to consider the claim under the "Travel delay" section of the policy, as the start of the trip was delayed. She said that in the circumstances of this complaint the effect on Mr M was the same whether the flight was cancelled or delayed.

Cowen didn't agree with our investigator's findings. As no agreement was reached, the complaint has 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.

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of Mr M's complaint.

Mr M's claim isn't covered under the "Trip cancellation" section of the policy. This only covers cancellations by the travel carrier due to a natural disaster or adverse weather event. As neither apply to Mr M's circumstances, his claim isn't covered under this section. Additionally, Mr M's trip wasn't cancelled, it was delayed as he missed out on the first part of the trip.

The "Trip delay" section of the policy provides the following cover:

"If your trip is delayed (or your travelling companion's trip) for one of the covered reasons listed below, we'll reimburse you for the following expenses, less available refunds, up to the maximum benefit for 'Travel Delay' shown in the certificate:

1. *If you've been delayed for more than 4 hours, you'll be reimbursed for prepaid expenses and additional expenses including meals, accommodation, communication and transportation. You'll be reimbursed up to £100.00 for the first complete 4 hours, and then £100.00 for each hour thereafter (maximum £500.00). Proof of purchase is required (e.g. credit or bank statement);*

Or

If no expenses incurred while you're delayed (for more than 4 hours) then you'll be reimbursed up to £70.00 for the first complete 4 hours, and then £70.00 for each hour thereafter (up to a maximum of £350.00).

1. *If the delay causes you to miss the departure of your cruise or tour, necessary transportation expenses to either help you rejoin your cruise/tour or reach your destination.*
2. *If the delay causes you to miss the departure of your flight or train due to a local public transportation delay on your way to the departure airport or train station, necessary transportation expenses to help you either reach your destination or return home.*

You're protected in the event of...

1. *A travel carrier delay (this does not include a travel carrier's cancellation prior to your departure date) [...]"*

So, this section provides cover in the event of a travel carrier delay. The airline cancelled Mr M's flight on the day of the departure. Mr M then bought a new flight with the same airline. He says the earliest flight he could get departed on 3 July 2023. Mr M started his trip on this day, so he missed out on the first part of his trip.

So, in effect, Mr M's trip was delayed between 30 June 2023 and 3 July 2023, due to action by the travel carrier (airline). As our investigator explained, the effect on Mr M is the same whether the flight was delayed or cancelled.

The relevant term says this doesn't include a travel carrier's cancellation prior to the departure date. But this doesn't apply in the circumstances, as the flight was cancelled on the same day.

Having considered everything, I think it would be fair and reasonable for Cowen to consider Mr M's claim as covered under the "Travel delay" section, subject to the remaining terms and conditions of the policy.

My final decision

My final decision is that I uphold Mr M's complaint, and direct Cowen Insurance Company Limited to consider his claim under the "Travel delay" section, subject to the remaining terms and condition of the policy.

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

Renja Anderson
Ombudsman

