

The complaint

Mr and Mrs N complain that Astrenska Insurance Limited turned down their travel insurance claim.

What happened

Mr and Mrs N hold annual travel insurance cover with Astrenska. They were due to travel abroad on 29 May. However, on 25 May they realised they'd lost their passports and weren't able to replace them before their trip was due to start. So they cancelled their trip, but couldn't get back the full amount they'd spent. They therefore made a claim under the policy.

Astrenska didn't accept the claim. It said the policy would only cover the claim if the passports had been lost three days before the start of the trip, but Mr and Mrs N had lost their passports four days before then. Unhappy with this, Mr and Mrs N brought a complaint to the Financial Ombudsman Service.

Our investigator didn't recommend the complaint be upheld. He thought Astrenska's claims decision had been reasonable.

I issued a provisional decision on 7 March 2024. Here's what I said:

'I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.'

Under the cancellation section of cover, the policy explains that Astrenska covers irrecoverable unused travel and accommodation charges if the insured is forced to cancel the trip before it starts. This must be as a direct and necessary result of any cause outside the insured's control, which was unforeseen at the start of the policy or booking the trip, whichever is later.

However, the policy says the following under the heading 'What is not covered under 'Cancellation' and 'Abandonment':

'Any claim as a result of your failure to have the required passport or visa, unless either has been lost, stolen or damaged as a result of theft, fire or water during your trip, or in the three days prior to starting your trip.'

Mr and Mrs N realised their passports were lost on 25 May, which was four days before the start of their trip. So I accept that, strictly speaking, their claim wasn't covered. However, I think the claim should be accepted on a fair and reasonable basis. I'll explain why.

Mr and Mrs N are elderly, and they called Astrenska on 25 May to explain they hadn't been able to find their passports. During that call they said they had been worried about leaving their passports and travel money in the house, and so had put the items in a shoulder bag when they took their car to a garage for repairs on 22 May. They remembered Mr N removing the bag, and so thought this must have been dropped by accident when they got out of the car. They said they'd spoken to the garage, who hadn't found the bag.

As Mr and Mrs N thought they knew when the passports and travel money had been lost, they called the police for advice. They were told to cancel the passports, which they did. Although they found the bag with the passports and travel money in mid-June, it was still the case that the passports were lost before the trip was due to start.

I assume Astrenska will cover lost passports in the three days before a trip, because it recognises it would be difficult for someone to obtain a replacement in that short timeframe.

Mr and Mrs N needed to leave home at 1am on 29 May for their trip. The 28 May was a Sunday, and their nearest passport office was closed. That meant they had very little time to arrange a replacement. They've explained they contacted the passport office on 25 May as soon as they realised the passports had been lost, and they hadn't been able to obtain an appointment before their trip. I note the earliest appointment they could get was on 5 June, and this was at another passport office (around four hours away from them), which they did attend.

Mr and Mrs N also make the point, not unreasonably, that even if they had managed to get an appointment on 26 or 27 May, the earliest they could have received their new passports would have been a week after the appointment. I've checked the government information about passports, and this is correct. Whilst a one-day premium service is available, this can only be used to renew an adult passport and can't be used to replace lost passports.

If Mr and Mrs N had realised that they'd lost their passports a day later, on 26 May, their claim would have been covered. But it seems to me that Mr and Mrs N were in the same situation on 25 May – they still didn't have enough time to replace their passports.

That being the case, I think Astrenska should accept this claim on a fair and reasonable basis.'

I asked both parties for any further comments they wanted to make before I made a final decision.

Astrenska responded to say it accepted my provisional findings.

Mr and Mrs N responded. They said their trip to the passport office took around eight hours each way, and they stayed overnight because their appointment on 5 June was early in the morning. They make this point to emphasise that they genuinely believed they had lost their passports. They have also asked if the amount they paid to replace their passports could be covered, including the travel and accommodation costs they incurred in doing so.

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.

I've already accepted Mr and Mrs N's explanation that they genuinely thought their passports had been lost when they made the claim, so I won't comment further on this.

Mr and Mrs N have asked if their costs in obtaining new passports could be covered by Astrenska. I don't require Astrenska to cover these costs. Mr and Mrs N had already cancelled their trip, and so it was their choice to travel and obtain new passports on 5 June. Although the policy does provide cover (up to £350) for loss of passports, this is only covered if the passport is lost whilst the insured is abroad.

However, I remain satisfied that Astrenska should cover Mr and Mrs N's claim for their cancellation costs, and for the same reasons as set out in my provisional decision.

My final decision

My final decision is that I uphold this complaint. I require Astrenska Insurance Limited to accept the claim in line with the remaining policy terms. Interest should be added at the rate of 8% simple per annum from a month after the claim was made to the date of settlement.*

* If Astrenska considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr and Mrs N how much it's taken off. It should also give Mr and Mrs N a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs N to accept or reject my decision before 18 April 2024.

Chantelle Hurn-Ryan
Ombudsman