

## **The complaint**

Mr B has complained that Cowen Insurance Company Limited declined a claim he made on a travel insurance policy.

## **What happened**

Mr B had planned a trip for August 2023. His pre-booked itinerary was:

- Day 1 – travel to a UK airport and stay the night in an airport hotel
- Day 2 – catch an early flight abroad
- Day 3 – return to the UK and again stay the night at an airport hotel
- Day 4 – return home

Mr B went to catch his flight on day 2. However, the flight was delayed, and then cancelled, due to a volcanic eruption, with no further flights that day. As Mr B was only due to be abroad for one night, he instead returned home.

The airline refunded the cost of the flights. So, Mr B made a claim for his unused costs, such as hotel accommodation and transfers.

Cowen declined the claim on the basis that the circumstances were not covered under the policy terms.

Our investigator didn't think Cowen had acted fairly in declining the claim. So she recommended that it should re-assess the claim under the remaining policy terms and pay Mr B £200 compensation for distress and inconvenience.

Cowen disagrees with the investigator's opinion and so the complaint has been passed to me for a 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.

I've carefully considered the obligations placed on Cowen by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for Cowen to handle claims promptly and fairly, and to not unreasonably decline a claim.

Cowen declined the claim on the basis that there is no trip cancellation cover under the policy. It says that, as Mr B hadn't made it beyond the UK airport, his trip hadn't yet started.

Looking at the policy terms, the definition of 'Trip' is:

*'the period spent away from your home on pre-booked business or personal travel for up to 90 days. Travel must be scheduled to start and end at your primary residence. A trip starts*

*(departure date) when you leave your regular place of residence (primary residence) to either travel to a destination:*

- *Abroad*
- *Or at least 100 kilometres away from your primary residence*
- *Or outside of your city/town of your primary residence that includes an overnight stay at your destination.*

*A trip ends when you return home to your regular place of residence.'*

Mr B didn't make it abroad, and the airport is apparently slightly less than 100 kilometres from his home address. Cowen has also tried to argue that the airport was not outside the city where Mr B lives. However, I'm not persuaded by that. I don't think anyone living in that city would consider the airport to be within its boundaries. The airport hotel was the first destination on his itinerary, where he was staying overnight. Therefore, based on the available evidence, I'm satisfied that Mr B had started his trip, in accordance with the terms of the policy.

The policy does include cover for 'Trip Interruption'.

Again, looking at the policy terms, it states:

*'TRIP INTERRUPTION*

*We'll reimburse you for:*

- *Unused, non-flight, non-refundable trip costs.*
- *Unused, non-refundable flight costs.*
- *Additional accommodation and transportation expenses if the interruption causes you to stay at your destination (or the location of the interruption) longer than originally planned.*

*You're protected if:*

- *Due to a natural disaster or adverse weather event the trip is cancelled by the travel carrier, leaving you out of pocket or with more than 24 consecutive hours delay.*
- *You miss at least half your trip due to one of the following:*

*A natural disaster'*

The definition of 'natural disaster' is:

*'is a large-scale extreme weather or geological event that damages property, disrupts transportation or utilities, or endangers people. Including but not limited to: earthquake, fire, flood, hurricane or volcanic eruption.'*

As I'm satisfied that Mr B's trip had started when he left his home, it doesn't matter that there is no cover for trip cancellation, as the circumstances of the claim would appear to be covered under the remaining policy terms. So, I agree with our investigator that Cowen should re-assess the claim. If Mr B is unhappy with the outcome of that re-assessment, he would be entitled to make a new complaint about that.

Not considering the claim under the existing policy terms has caused Mr B some stress, as well as time and trouble in having to make the complaint. I agree with our investigator that £200 would be an appropriate amount to compensate him for distress and inconvenience.

### **My final decision**

For the reasons set out above, I uphold the complaint. Cowen Insurance Company Limited should re-assess the claim under the remaining policy terms. It should also pay Mr B £200 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 July 2024.

Carole Clark  
**Ombudsman**