

The complaint

Ms T and Mr W have complained that UK Insurance Limited (UKI) declined a claim they made on their annual travel insurance policy linked to a bank account.

As it is Mr W leading on the complaint, I will mostly just be referring to him in this decision.

What happened

The night before they were due to leave on a trip abroad, Mr W received a text from the airline telling him that the flight the following morning had been cancelled due to expected bad weather at their destination. As they were unable to get a replacement flight, they therefore made a claim on their policy for their unused costs.

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

In responding to the complaint, UKI accepted that it had provided poor service during the claim handling. So, it offered £175 compensation for that. However, it maintained its decision to decline the claim.

Our investigator thought that UKI had acted reasonably in declining the claim, in line with the policy terms and conditions. Mr W 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 UKI by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for UKI to handle claims promptly and fairly, and to not unreasonably decline a claim.

Mr W has talked about this service holding the financial services industry to account. It's important to make clear that we are not the industry regulator. We have no power to regulate the financial businesses we cover, nor to direct them to change their processes or procedures. Our role is to investigate individual complaints made by consumers to decide whether, in the specific circumstances of that particular complaint, a financial business has done something wrong which it needs to put right. Whilst I appreciate Mr W feels strongly that the policy is not fit for purpose, that isn't something which I can reasonably consider. My role is to decide whether, on the facts of this case, UKI has treated Ms T and Mr W fairly.

Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it's willing to cover and set these out in the terms and conditions of the policy document. The test then is whether the claim falls under one of the agreed areas of cover within the policy.

UKI declined the claim because cancelled flights aren't covered under the relevant section of the policy. As the trip had not yet started, because they had not left home, it is the cancellation part of the policy that is relevant to this scenario.

Looking at the policy wording, under the cancellation clause, it states:

'Cancelling Your Trip (up to the point of departure)

This section provides cover if you need to cancel your trip. The cover starts when you book the trip and ends when you reach your point of departure.'

There is then a table that sets out a list of specific, defined reasons for cancellation that are covered under the policy. These are:

- Death, illness or injury;
- Court cases and quarantine;
- Unemployment;
- Armed forces and emergency services members having their leave cancelled;
- Fire, storm, flood or burglary;
- Pet emergency;
- Passports or Visas being stolen in the seven days prior to travel;
- The Foreign & Commonwealth Office advising against travel;
- Natural disaster
- Vehicle accident or breakdown;
- Pregnancy;
- Vaccinations.

Cancellation of a trip due to an airline cancelling a flight does not feature in this list of insured events. Based on the above, I'm satisfied that the claim is not covered under the cancellation part of the policy.

I've looked at the remainder of the policy wording to see if there were any other sections under which the claim could be considered.

Under 'Missed, Delayed or Abandoned Departure', cover is provided if:

'You are unable to reach your point of departure or connection in time due to one of the reasons listed below.

- *You are delayed for more than two hours after check in.*
- *You are unable to return to the UK on your planned return date.*
- *You choose to abandon your trip following a delay of 12 hours or more (six hours for a trip of four nights or less).'*

As Ms T and Mr W's trip hadn't begun, their circumstances aren't covered under this section either.

Of course, the cancellation of the flight was outside of their control. So, I can understand how they might assume they would be covered for such an event. Mr W has mentioned an article on our website about not distinguishing between a flight being delayed or cancelled. However, that relates to complaints about delay and abandonment claims where someone's trip has already started. But in this case, it is only the cancellation section of the policy that is relevant.

As already mentioned, no insurance policy will cover every scenario. And different insurers will decide to cover different risks. Looking at this particular policy, it does not provide cancellation cover for flights cancelled by the airline. Therefore, I am unable to conclude that UKI did anything wrong in declining the claim.

Looking at the £175 compensation that UKI offered for poor service, this seems to be an appropriate amount for the trouble and inconvenience caused. Mr W says he has received this amount and considers this element of the complaint to be closed. As such, I don't require UKI to do anything more.

My final decision

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T and Mr W to accept or reject my decision before 11 June 2024.

Carole Clark

Ombudsman