

The complaint

Miss H and Mr H are unhappy that Society of Lloyd's has declined their travel insurance claim.

Any reference to Society of Lloyd's includes all its agents.

What happened

Miss H and Mr H had an annual multi-trip group travel insurance policy. The policy covered from 1 September 2021 to 31 August 2022. Society of Lloyd's was the underwriter.

On 12 May 2022, Miss H and Mr H departed the UK to travel abroad on their 14-day holiday. While en-route to their planned destination, their flight was diverted to a different country. The reason given for the diversion was industrial action taken by air traffic control at the planned destination country. They were delayed at the other country for 18 hours and had to stay in a hotel overnight before arriving at their planned destination.

Miss H and Mr H made a previous claim on the same policy under the '*Travel Delay Inconvenience Benefit*' section. Society of Lloyd's declined the claim. Miss H and Mr H brought their complaint to this service and a final decision was issued by an ombudsman. I'm unable to comment further on this previous complaint.

A second claim was made under the same policy to Society of Lloyd's in August 2023 which this complaint relates to. Miss H and Mr H submitted this second claim under '*Section 2 - Cancellation, Curtailment, Replacement and Change of Itinerary*' of their policy.

Having submitted this second claim, Society of Lloyd's declined it. It said there was no cover under this section of their policy because although there was a disturbance to the journey, Miss H and Mr H's flight left the UK and returned to the UK. So, the journey wasn't cancelled or curtailed. And they didn't need to replace an insured person or rearrange to resume the journey, so these weren't applicable either. And in terms of the itinerary, Society of Lloyd's said this also didn't change as Miss H and Mr H travelled on the original flight and stayed in the same accommodation. There was a small portion of the accommodation that wasn't used and there was loss of enjoyment for those hours, but this wasn't covered under their policy.

Unhappy with the response from Society of Lloyd's, Miss H and Mr H brought their complaint to this service. Our investigator looked into it and upheld the complaint. She said under section 2 of Miss H and Mr H's policy, the policy terms do not state that the change of itinerary must be at the start of their journey. She considered that their pre-booked journey was changed as it involved an unscheduled stop which wasn't on the original itinerary. And this resulted in Miss H and Mr H only benefitting from 13 days of their planned holiday. She recommended that Society of Lloyd's pay their claim in line with the policy terms and conditions, less any excess. And add 8% simple interest per annum from the date of claim to the date of settlement.

Miss H and Mr H responded to the investigator's findings. They said she hadn't considered

how they had been treated by Society of Lloyd's and it's unacceptable that it has been dismissive of their complaint.

Society of Lloyd's responded. It didn't agree that Miss H and Mr H have a valid claim as ultimately, they didn't incur any additional charges because of the flight being diverted.

Our investigator responded and said she's still upholding the complaint as the cover does extend to costs already paid such as '*advance payments*' detailed under section 2. She also recommended that Society of Lloyd's pay Miss H and Mr H £150 compensation for the inconvenience caused to them in pursuing the matter since the original claim in May 2022.

Miss H and Mr H accepted the investigator's findings.

Society of Lloyd's didn't accept the findings and asked for the complaint to be referred to an ombudsman. So, it's been passed to me. In summary, it said:

- Miss H and Mr H haven't provided any new information or evidence that would indicate a valid claim under section 2 of their policy terms and conditions.
- The policy covers their trip that started on 12 May 2022 and ended on 27 May 2022, which included 14 nights' accommodation. They had a diversion during their outward journey which resulted in them not travelling directly to their intended destination. But in relation to their trip dates, they departed and returned on the original planned dates. They still had 14 nights' accommodation although the first of these was in a different location.
- Miss H and Mr H didn't have to pay further deposits and/or advance payments as a result of the unplanned stop at a different destination. And they haven't incurred any costs they would need to claim for, and they haven't claimed for any such expenses.

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.

The insurance industry regulator, the Financial Conduct Authority ('FCA'), has set out rules and guidance for insurers in the 'Insurance: Conduct of Business Sourcebook' ('ICOBS'). ICOBS says that insurers should act honestly, fairly and professionally in accordance with the best interests of their customers, and that they should handle claims promptly and fairly. I've taken these rules into account. And my overriding remit is to decide what I think is fair and reasonable in the overall circumstances of Miss H and Mr H's complaint.

The policy terms and conditions

I've started by looking at Miss H and Mr H's policy terms and conditions as they form the basis of their travel insurance contract with Society of Lloyd's.

Section 2 of the policy document sets out the cover available for:

'Cancellation, Curtailment, Replacement and Change of Itinerary' and states the following:

'If the Assured or the Insured Person is forced to

- A. Cancel an Insured Journey*
- B. Curtail an Insured Journey*
- C. Replace an Insured Person on an Insured Journey*
- D. Rearrange to resume an Insured Journey*

E. Change the itinerary of a pre booked Insured Journey
As a direct and necessary result of any cause outside the Assured's or the Insured Person's control the Insurers will indemnify the Assured for

- A. Deposits and advance payments (on a proportionate basis in respect of Curtailment)
 - B. Charges for transport
 - C. Charges for accommodation and sustenance
 - D. Any other charges
- reasonably and necessarily incurred and that are forfeit under contract or are not otherwise recoverable.*
[...]

Has the claim been fairly declined?

It's not in dispute that Miss H and Mr H arrived at their pre-booked destination just over 18 hours later than planned. Their claim is for the cost of the one nights' accommodation that they paid for and lost out on because of the diversion of the plane, and which caused a disruption to their holiday.

I've considered the terms and conditions under section 2 of their policy above. Based on what happened, Miss H and Mr H didn't cancel or curtail their trip. They also didn't replace an insured person or rearrange their trip to resume an insured journey.

I do think however there was a change in the itinerary of their pre-booked trip. They had paid for and planned a 14-day holiday but only stayed 13 days at their planned destination. The change in the itinerary happened as a direct and necessary result of a cause that was outside of Miss H and Mr H's control. That is, the industrial action that caused the diversion. They had an unscheduled stop which was unplanned and was outside of their control. And therefore, the second part of the above section (A-D) also applies.

Miss H and Mr H's policy provides cover for deposits and advance payments, charges for transport, charges for accommodation and sustenance and any other charges. I can see Miss H and Mr H have provided an invoice to confirm how much they paid for their holiday, and they provided an invoice for sustenance. Society of Lloyd's has paid for the sustenance cost. But it says, Miss H and Mr H have provided no other evidence of costs they incurred. I don't agree. They have shown the total cost of their 14-day holiday and one of those days was lost in a different country due to an unplanned stop which changed the itinerary of their pre-booked journey.

Miss H and Mr H have also provided evidence to show that they tried to recover the money from their travel provider. But this claim wasn't successful because the disruption was caused by industrial action and wasn't within their control. So, they incurred an expense which was reasonably and necessarily incurred and that was forfeit under contract or not otherwise recoverable.

While I appreciate that they still had their 14-day holiday, one of those wasn't what they had pre-booked and paid for. They had no option but to stay in a different destination and couldn't use facilities they would have, had they stayed in their pre-booked accommodation. I'm satisfied Miss H and Mr H have cover under their travel policy for an event that led them to only have 13 days out of the 14-day trip they booked. In other words, they pre-booked a 14-day trip of which they only received 13 days in the way it was intended. I therefore think their claim was declined unfairly and unreasonably.

Distress and inconvenience

Having considered everything that's happened, I think Miss H and Mr H have been put through distress that they otherwise wouldn't have suffered had Society of Lloyd's reasonably assessed their claim. They initially submitted their claim in May 2022, and they've been pursuing this complaint since then. This isn't the service they should expect, and Miss H and Mr H have had to spend a considerable amount of time liaising with different contacts within the business which has impacted them.

Conclusion

Overall, based on all the available evidence, I'm upholding Miss H and Mr H's complaint. I'm not persuaded Miss H and Mr H's claim has been declined fairly and in line with the policy terms and conditions. I'm recommending that Society of Lloyd's settle Miss H and Mr H's claim by paying them 1/14 of the cost of their holiday, less any excess and add 8% simple interest per annum as detailed below.

I also think the claims process, in the way it's been handled, has caused them unnecessary distress and inconvenience. I therefore recommend Society of Lloyd's pay Miss H and Mr H £150 in recognition of this.

Putting things right

Society of Lloyd's needs to put things right by:

- Settling Miss H and Mr H's claim in line with the policy terms and conditions, less any excess. It needs to add 8% simple interest per annum one month from the date of the claim to the date of settlement.
- Paying Miss H and Mr H £150 compensation for the distress and inconvenience caused in the way the claim has been handled and the service it provided.

It must do this within 28 days of the date on which we tell it Miss H and Mr H accept my final decision. If it takes longer, Society of Lloyd's must give Miss H and Mr H a meaningful update setting out the timeframe when they will settle the claim.

My final decision

For the reasons given above, I uphold Miss H and Mr H's complaint Society of Lloyd's.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H and Mr H to accept or reject my decision before 27 June 2024.

Nimisha Radia
Ombudsman