

The complaint

Mr and Mrs B are unhappy that Chaucer Insurance Company Designated Activity Company declined a claim they made on their travel insurance policy.

What happened

Mr and Mrs B had booked a cruise holiday. They cancelled their trip because a relative became very unwell. Chaucer declined their claim because Mr and Mrs B hadn't paid an additional premium for cruise cover.

Mr and Mrs B complained to Chaucer but they maintained their decision to decline the claim was fair. Unhappy, Mr and Mrs B complained to the Financial Ombudsman Service.

Our investigator looked into what happened. Ultimately, he upheld Mr and Mrs B's complaint as he noted that the reason for cancellation was covered by the core policy terms. He didn't think that the additional cruise cover was central to the outcome of the complaint as Mr and Mrs B weren't claiming under that section of the policy. He recommended Chaucer settle the claim under the cancellation section of cover and pay 8 % simple interest per annum on the settlement figure.

Mr and Mrs B accepted the investigator's findings. Chaucer didn't agree as they said the policy terms made it clear that there was no cover for cruises unless the additional premium was paid. So, the complaint was referred to me to make 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.

The relevant rules and industry guidelines say that Chaucer has a responsibility to handle claims promptly and fairly. And they shouldn't reject a claim unreasonably.

The Insurance Product Information Document (IPID) says that there are additional cover options including cruise cover. Under what is not covered it says there is no cover when travelling on a cruise unless you have paid the additional premium and it is shown on the policy certificate.

On page 13 of 58 of the policy terms it says:

There is no cover provided for cruises unless you have paid the appropriate additional premium and cover is shown on your policy certificate. In any event there is no cover for cargo ship travel.

There is also a general exclusion on page 26 which says there is no cover for:

Any claim arising from a cruise unless you have paid the appropriate additional premium and cover is shown on your policy certificate. In any event there is no cover for cargo ship travel.

The cruise section of cover provides cover for cruise interruption, missed port departure, cabin confinement and unused excursions.

I'm upholding Mr and Mrs B's complaint because:

- The IPID, which summarises cover, says that there is no cover *when travelling* on a cruise (my emphasis). So, I don't think this makes it clear there's no cover for issues which arise before the cruise has started, including cancellation for an event which is insured under the core cover.
- Mr and Mrs B would have had to cross refer the IPID with different sections of the terms to understand the limitations of cover. And the policy terms don't make it adequately clear or transparent that the core cover for cancellation (and other insured events) is not valid unless the additional premium is paid. I think this is a significant limitation on cover which ought to be more clearly highlighted in the policy terms.
- Mr and Mrs B didn't purchase the additional cover. The additional premium covers cruise interruption, missed port departure, cabin confinement and unused excursions. So, Mr and Mrs B aren't claiming for something arising from anything which the additional premium covers.

Putting things right

Chaucer should put things right by:

- Settling the claim for cancellation in line with the remaining policy terms and limits.
- Paying 8% simple interest on the settlement figure from one month after the claim was made until the date of settlement. If Chaucer considers that they are required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr and Mrs B how much it's taken off. They should also give Mr and Mrs B a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

I'm upholding Mr and Mrs B's complaint and direct Chaucer Insurance Company Designated Activity Company to put things right in the way I've outlined above.

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

Anna Wilshaw
Ombudsman