

The complaint

Mrs B is unhappy that Cowen Insurance Company Limited declined a claim she made on her travel insurance policy.

What happened

Mrs B has a travel insurance policy connected to her bank account. She was on holiday with her husband when he became ill. Mrs B incurred additional costs as a result of his illness.

Mrs B claimed on her travel insurance, but the claim was declined. Cowen said it wasn't covered by the policy terms and conditions. Mrs B complained to the Financial Ombudsman Service.

Our investigator looked into what happened and upheld Mrs B's complaint. She didn't think that the policy terms and conditions made it adequately clear that Mrs B wouldn't be covered if her trip was disrupted by her travelling companion's illness.

Mrs B accepted the investigator's findings. Cowen didn't agree. In summary they said the policy made clear what was, and wasn't, covered. They said travel insurance couldn't cover every eventuality. Cowen's further representations didn't change our investigator's thoughts about the overall outcome of the complaint. So, I need 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 Cowen has a responsibility to handle claims promptly and fairly. And they shouldn't reject a claim unreasonably. Since 31 July 2023, the Financial Conduct Authority also introduced a new standard called Consumer Duty, which I think is relevant in the circumstances of this case.

The policy terms and conditions say:

"You're protected if...

You or a ticket holder have to interrupt or cut short your trip due to any of the following:

- Illness, injury or death (including Covid-19) of you or a ticket holder. A doctor must confirm the medical necessity to interrupt the trip in the case of illness or injury."

Ticket holder is defined as:

"The children (including stepchildren, foster children, adopted children or children currently in the adoption process) up to a maximum age of 17 years (at the time of travel) and travelling with the Premium Plan holder."

The policy summary says:

“Trip interruption covers you if...

You have to interrupt your trip because you, a ticket holder, or a family member becomes sick or injured, including with Covid-19.”

Has the claim been fairly declined?

I don't think it was fair and reasonable to decline the claim because:

- Lots of travel insurance policies cover a policyholder in circumstances where there travelling companion becomes ill. In my experience it's common for that scenario to be covered by most travel insurance policies.
- I think it was a significant limitation on cover which ought to be clearly highlighted in the policy terms and conditions. So I'd expect that information to be presented clearly and prominently in the policy terms.
- I'm not persuaded that the policy terms did make this clear. I think that the wording is ambiguous. Although ticketholder is defined I don't think it corresponds with the policy summary which refers to ticket holders and family members. I don't think it would have been clear that the cover didn't include family members who were travelling with Mrs B. Mrs B would have had to cross refer between different sections of the policy terms to understand this.
- The Consumer Duty includes the consumer understanding outcome which requires Cowen to give consumers the information they need to allow them to make informed decisions. In this case, I think that means policy information which is clear and easy to understand. I don't think Cowen has done so in the circumstances of this case.
- Any ambiguity in the policy terms and conditions should be interpreted in Mrs B's favour. I think it's reasonable to conclude that Mr B could be considered as a ticket holder as he was travelling on the same trip as Mrs B and on the same itinerary as her.

Putting things right

Cowen needs to reassess the claim in line with the remaining terms and conditions of the policy.

My final decision

I'm upholding this complaint and direct Cowen Insurance Company Limited 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 to accept or reject my decision before 14 August 2024.

Anna Wilshaw
Ombudsman