

## **The complaint**

Mr H complains about Admiral Insurance (Gibraltar) Limited (“AIL”) and their decision to decline the claim he made on his travel insurance policy.

## **What happened**

The claim and complaint circumstances are well known to both parties, so I don’t intend to list these chronologically in detail. But to summarise, Mr H purchased a travel insurance policy, underwritten by AIL, to cover him while he travelled from the UK to New Zealand. Mr H’s journey included a domestic flight within New Zealand on both journeys. Unfortunately, due to weather conditions, Mr H’s domestic flight was cancelled during his return trip, which meant he was unable to make his international departure from New Zealand back to the UK. So, Mr H purchased an entirely new flight home, and he contacted AIL to make a claim for this cost, within the limits of his policy.

AIL initially accepted the claim and advised Mr H they were calculating his claim settlement. But they reversed this decision, explaining why they thought the claim was excluded under the terms and conditions of the policy. Mr H was unhappy about this, so he raised a complaint.

AIL responded to the complaint and upheld it in part. They accepted they had made a mistake when leading Mr H to believe his claim had been accepted. So, they offered to pay Mr H £100 to recognise any confusion and inconvenience this caused. But they maintained their decision to decline the claim was correct, as it was the domestic element of the return journey that was cancelled and missed, rather than the international flight back to the UK. Mr H remained unhappy, so he referred his complaint to us.

Our investigator looked into the complaint and upheld it. They accepted that, under a strict application of the policy terms and conditions, AIL were able to decline the claim. But they didn’t think AIL were fair to rely on this exclusion in this situation, as they didn’t think AIL had made the limitations of Mr H’s policy, and the exclusion in question, reasonably clear within all the policy documentation. So, they recommended AIL settle Mr H’s claim plus 8% simple interest on the settlement amount from the date of the claim decline to the date of payment. And they thought AIL should pay Mr H the £100 offered in their complaint response if it hadn’t been paid already.

Mr H accepted this recommendation. But AIL didn’t, explaining why they thought the exclusion was made clear in the terms and conditions, which Mr H had ticked to confirm he had read and understood, and why it was unreasonable to expect them to outline this within the IPID. As AIL didn’t agree, 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.

Having done so, I’m upholding the complaint for broadly the same reasons as the

investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Before I explain why I've reached this decision, I think it would be useful for me to set out clearly our service's approach to complaint such as the one Mr H has raised. First, I must think about whether AIL have acted in line with the terms and conditions of the policy when relying on a policy exclusion and declining the claim. And even if I'm satisfied AIL have, I must also then be satisfied they were fair and reasonable to do so. And in this situation, I don't think that's the case.

I've carefully read through the policy terms and conditions and in particular, the "*Delayed or missed departure*" section Mr H has attempted to claim on. Having done so, I'm satisfied that the cause of Mr H's missed departure, namely the weather conditions at the time his domestic flight was due to leave, is an insured event.

But I have seen that connections will only be covered if the flight that has been missed was the connecting flight to the point of international departure. And the policy defines the point of international departure as "*the final airport or international station to return to the UK*". In this situation, the domestic flight Mr H missed due to the weather conditions wasn't a flight connecting him to his final airport, due to the length of journey and the number of connections it included.

So, based on the above, under a strict application of the policy terms and conditions, I think AIL were able to decline the claim.

But as I've explained above, I must also be satisfied it was fair for AIL to make this decision on this occasion, considering the individual circumstances of the claim and its own merits. This is because the rules set by the industry regulator explain clearly that an insurer must not unreasonably decline a claim.

In this situation, I think it should've been reasonably clear to AIL that the journey would include several connections, due to the distance of travel. So, because of this, I think the terms and conditions AIL have relied upon are a significant limitation of the policy purchased by Mr H.

As I think this is a significant limitation, our service would expect this to be made reasonably clear with the IPID as well as the policy terms, as this is what the IPID is intended to document.

I've carefully looked through the IPID. And while it provides missed departure as a separate heading within the "*What is insured?*" section, it doesn't make any reference to missed departure and crucially, the limitations of this part of the policy within the "*what is not insured?*" section. And I don't think this is fair, or reasonable.

In addition to this, the IPID goes on to state under the "*Where am I covered?*" heading that "*you will be covered to travel to and from the destination(s) or region you have selected, as shown in your policy schedule*" with the policy schedule listing the region/destination as "*New Zealand*".

So, based on the above, I think the IPID would've led Mr H to believe he was covered by the policy for the entirety of his journey. And crucially, I don't think it was made reasonably clear to Mr H within all of the policy documentation that he would not be covered for a missed departure on any domestic flights within New Zealand. And given that Mr H's trip contain several domestic flights due to its length and nature, I think it's reasonable for me to assume

Mr H would've purchased a different policy, had this been made clear.

So, because of the above, I don't think I can say AIL have acted fairly or reasonably when declining the claim. And it's already been accepted by AIL that they acted unfairly when initially advising Mr H the claim would be accepted, when this wasn't their intention. So, as I think AIL have acted unfairly and unreasonably, I've then turned to what I think they should do to put things right.

### **Putting things right**

When thinking about what I think AIL should do to put things right, any award or direction I make is intended to place Mr H back in the position he would've been in, had AIL acted fairly in the first place.

In this situation, had AIL acted fairly, I think they would've made the significant limitation of the policy relating to missed departures clearer within the IPID. And had they done so, I think it's reasonable for me to assume Mr H would've likely taken another policy to provide him with the level of cover that included domestic flights, considering he made a claim on the assumption that was what AIL's policy provided.

So, I don't think it's fair for AIL to decline the claim using the exclusion they have. And I think they should proceed to settle the claim under the missed departure section of the policy, without relying on this exclusion, to ensure Mr H is placed back in the position he would've been in. I must note AIL are still entitled to settle the claim while taking into consideration the policy limits set out within the policy.

And I think AIL should pay 8% simple interest on this amount from the date the claim was declined, to the date of payment, to recognise the length of time Mr H has been without access to these funds unfairly.

I also recognise the confusion and inconvenience Mr H would've been caused when being told his claim was being declined, after being led to believe it had been accepted. AIL have offered to pay Mr H £100 to recognise this and I think this payment is a fair one, that falls in line with our service's approach and what I would've directed, had it not already been put forward. So, this is a payment I'm directing AIL to make if it hasn't been paid already.

I understand this isn't the outcome AIL was hoping for. And I want to reassure them I've considered their comments about the purpose of the IPID, how much information they are expected to include, and the fact Mr H ticked a box to accept he'd read the policy terms and conditions.

But our service's view and approach, based on the rules set by the industry regulator, deem the IPID to be a document intended to list any significant limitations of a policy to make it clear for a customer to understand. And it is AIL's responsibility to ensure the IPID contains all of this relevant information. I want to make it clear this decision isn't intended to suggest all of the policy terms and conditions should be regurgitated into the IPID as I agree this wouldn't be a productive use of time nor would it aide consumer understanding. But in this situation, considering the journey the policy was purchased to cover, I think AIL should've included the missed departure limitations in order to act fairly and reasonably, and they haven't.

### **My final decision**

For the reasons outlined above, I uphold Mr H's complaint about Admiral Insurance (Gibraltar) Limited and I direct them to take the following action:

- Settle the claim under the missed departure section of the policy, taking into consideration any associated policy limits;
- Pay 8% simple interest on this amount from the date of the original decline to the date of payment; and
- Pay Mr H the £100 compensatory payment offered in the complaint response if it hasn't been paid already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 4 September 2024.

Josh Haskey  
**Ombudsman**