

The complaint

Mr and Mrs L complain because UK Insurance Limited ('UKI') hasn't paid a claim relating to Mr L's costs for a cancelled holiday under their travel insurance policy.

What happened

Mr and Mrs L are insured under a travel insurance policy provided as a benefit of their packaged bank account. The insurance is provided by UKI.

Mr L declared his pre-existing medical conditions to UKI and was offered cover for these at no extra cost. However, UKI said it couldn't cover Mrs L's pre-existing medical conditions so Mrs L bought another travel insurance policy for herself with a different insurer.

Unfortunately, Mr and Mrs L needed to cancel an upcoming holiday that they were due to travel on. Mrs L made a claim for her costs under the other policy which she'd purchased. That claim is the subject of a separate complaint with our service.

Mr L made a claim with UKI for his share of the cancelled holiday costs. UKI said the claim wasn't covered because it related to Mrs L's pre-existing medical conditions and UKI had refused to provide cover for these.

Unhappy, Mr and Mrs L complained to UKI before bringing the matter to the attention of our service.

One of our investigators looked into what had happened and said he didn't think UKI had acted unfairly or unreasonably in the circumstances. Mr and Mrs L didn't agree so the complaint has been referred to me to make a decision, as the final stage in our process.

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.

When making this final decision, I can only consider UKI's actions and its responsibilities to Mr and Mrs L under the contract they hold with it. I understand Mr and Mrs L feel this complaint and the complaint about Mrs L's claim under the other policy she purchased are linked, but UKI and the insurer of Mrs L's other policy are entirely separate, unrelated businesses. What the insurer of Mrs L's other policy says it may have done in this situation isn't relevant to whether I think UKI has acted fairly and reasonably in the circumstances.

I'm satisfied that the terms and conditions of this policy are clear in excluding cover for any claims relating to pre-existing medical conditions unless these have been declared and accepted in writing by UKI. I'm also satisfied, based on the evidence I've seen, that this claim arose as a result of a pre-existing medical condition of Mrs L's, which UKI had already refused to provide cover for.

Because Mr and Mrs L's holiday was cancelled due to one of Mrs L's pre-existing medical conditions for which no cover was provided, this means there is no cover under the policy

terms and conditions for the costs which Mr L is claiming for.

In line with my remit, I've gone on to consider whether a strict application of the policy terms and conditions produces a fair and reasonable outcome in the circumstances of this case.

Industry rules set out by the regulator (the Financial Conduct Authority) require insurers to provide information to a consumer which is clear, fair and not misleading so the consumer can make an informed choice about a product. This includes information about any significant exclusions or limitations of the policy.

I understand Mr L says UKI never told him that he himself wouldn't have any cover for claims relating to Mrs L's pre-existing medical conditions.

I've listed carefully to the call which took place between Mr and Mrs L and UKI in September 2022. I think it's clear that Mr and Mrs L took great care to declare all of their pre-existing medical conditions to UKI, and that they understood the importance of doing so.

During the call, UKI said it couldn't cover anything directly related to Mrs L's pre-existing medical conditions and that any of Mrs L's conditions that were discussed that day couldn't be covered. Later in the call, Mr L asked if claims such as cancellation would be covered and UKI said not in relation to Mrs L's pre-existing medical conditions.

I accept that Mr L was told during the call that he himself was fully covered, but this didn't mean that Mr L was covered for claims relating to Mrs L's pre-existing medical conditions which had previously been discussed and confirmed as being excluded.

The travel insurance schedule which Mr and Mrs L were sent following this call sets out that there is no cover for Mrs L's pre-existing medical conditions and says:

'If cover for medical conditions has been declined for any insured person, this policy will not cover any claim directly linked to the conditions that are not covered. This applies to all insured people named on the policy schedule and for all sections of cover.'

Overall, I'm satisfied that UKI made Mr and Mrs L aware that claims relating to Mrs L's pre-existing medical conditions wouldn't be covered under this policy.

I accept it's likely that Mr L didn't appreciate the potential consequences of this, and I have every sympathy for the position that he and Mrs L have found themselves in. However, I must reach an independent and impartial outcome that is fair and reasonable to both parties and I don't think I can fairly conclude that UKI didn't make the position clear to Mr and Mrs L.

I understand why Mr L wouldn't have travelled on holiday without Mrs L but, in order for Mr L to have cover for a cancellation claim arising from Mrs L's pre-existing medical conditions, he'd need to have been named as an insured person on the other policy which did provide cover for those pre-existing medical conditions.

I've thought about whether UKI should treat Mrs L as Mr L's travelling companion (rather than as a jointly insured person) under the terms and conditions of this policy and consider whether Mr L's share of the claim would be covered on that basis. However, in circumstances where UKI was made aware of and declined to cover the risk of Mrs L's pre-existing medical conditions, then I don't think it would be fair or reasonable to direct UKI to do this.

I realise that Mr and Mrs L will be dissatisfied with the outcome I've reached, and I

understand that they've lost out financially, but I won't be asking UKI to do anything more.

My final decision

My final decision is that I don't uphold Mr and Mrs L's complaint about UK Insurance Limited.

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

Leah Nagle
Ombudsman