

The complaint

Mr R complains Admiral Insurance (Gibraltar) Limited has turned down a medical expenses claim he made on a travel insurance policy.

What happened

In August 2023, Mr R's annual travel insurance policy with Admiral renewed. In September 2023, Mr R travelled on a cruise.

Unfortunately, the day after boarding the cruise, Mr R needed to seek on-board medical treatment for an ear infection. So he made a medical expenses claim on the policy.

Admiral turned down Mr R's claim. It said that because Mr R hadn't taken out optional cruise cover, his situation wasn't covered by the policy terms.

Mr R was unhappy with Admiral's decision and he asked us to look into his complaint. He accepted that he hadn't taken out cruise cover. But he didn't think the policy terms made it sufficiently clear that there'd be no cover at all for cruise holidays unless optional cruise cover had been added.

Our investigator thought Mr R's complaint should be upheld. In brief, she didn't think the policy terms made it clear that Mr R's situation wasn't covered by the contract. So she recommended that Admiral should reconsider Mr R's claim in line with the policy terms and conditions.

Admiral disagreed and so the complaint's been passed to me to decide.

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 don't think it was fair for Admiral to turn down Mr R's claim and I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. I've taken those rules into account, amongst other relevant considerations, such as regulatory principles, the policy terms and the circumstances of Mr R's claim, to decide whether I think Admiral treated Mr R fairly. First, I've considered the policy terms and conditions, as these form the basis of Mr R's contract with Admiral. It's clear that Mr R made a claim for medical expenses after he suffered an ear infection. Section 1 of the policy provides cover for Emergency Medical Expenses. This states the following:

'What is covered

We will pay up to the policy limits shown in your policy schedule for each insured person who is injured, becomes ill, is quarantined or dies while on a trip, including:

Medical costs abroad: Reasonable and necessary costs for emergency medical, surgical and hospital treatment including an ambulance to take you to hospital.'

This section of the policy does not include a specific exclusion for medical expenses incurred on a cruise if a policyholder hasn't taken out optional cruise cover.

I've next turned to the policy general exclusions, which set out a list of things Admiral has specifically chosen to exclude from cover. This includes the following term:

'We will not pay any claim which is in any way caused by or resulting from:

Cruises: Your trip or part of your trip being a cruise, unless you have included our additional cruise cover and paid the appropriate additional premium. If you have this cover it will be shown on your policy schedule.'

Both parties acknowledge that Mr R didn't choose to take out cruise cover or pay the applicable additional premium. However, I don't think this exclusion can fairly be applied to the circumstances of Mr R's claim. The term refers to claims *caused by or resulting from* cruises. But Mr R's claim appears to have been for the costs of treating an ear infection. I've seen no persuasive evidence that this infection was caused by or resulted from Mr R being on a cruise. Instead, the evidence indicates he'd already sought pharmacy treatment for the infection the day *before* he boarded the cruise.

I've looked closely at the cruise cover section of the policy and the remainder of the policy documentation as a whole. And I don't think Admiral has made it sufficiently clear that it won't cover any claims if a policyholder is on a cruise holiday unless cruise cover has been purchased. I'll explore this further.

Cruise cover is set out on page 62 of the policy. In the important information box at the top of the page, the policy says:

'This section only applies if you opted to include Cruise Cover on your policy and have paid the appropriate extra premium. You must include this additional cover if any part of your trip will include a cruise.'

The following, specific events are listed as covered under the cruise cover section of the policy:

- Missed port departure;
- Cruise cabin confinement;
- Unused excursions;
- Cruise itinerary change;
- Cruise interruption.

Mr R didn't claim for any of these listed, insured events. As I've said, he claimed for medical expenses. In my view, the policy document doesn't make it clear enough that a policyholder won't have any cover at all on a cruise holiday unless they've taken out cruise cover. Instead, I think the policy suggests that cruise cover applies to claims arising from the events Admiral has specifically set out in this section.

The policy schedule Mr R was sent after he took out the policy refers to the optional cruise cover. Again though, it only lists the specific, insured events I've set out above. So I don't think Mr R ought reasonably have been prompted to realise that he needed to take out cruise cover to be covered for any potential claim on the policy while on a cruise holiday.

I've also considered the Insurance Product Information Document (IPID) which Mr R was sent post-sale. The IPID sets out a summary of the key policy terms, exclusions and information. Page 1 includes a table called: 'What extra cover can be added (optional)?' This includes the following:

*'Cruise cover: **Up to £750 for specified cruise related incidents** (such as travel costs to rejoin the ship if hospitalised.) This additional cover must be included if going on a cruise ship or the policy will not provide cover for it.'* (My emphasis added.)

The IPID also lists a table of what is not insured. An example of this is hazardous activities – unless an additional premium has been paid. However, cruises and claims which arise on cruises (unless the add-on cover has been purchased) haven't been included in this section of the IPID.

In my view, while I appreciate Admiral's intention was to specifically exclude claims arising during cruise holidays unless cruise cover had been added, I'm not persuaded the IPID does enough to highlight this either. That's because it refers explicitly to the cruise cover being for specified cruise related incidents. If Mr R cross-referenced the IPID with the cruise cover section of the policy and the policy schedule, I think it would have been reasonable for him to conclude that cruise cover only applied to claims for the listed, specified events.

I acknowledge that page two of the IPID sets out a policyholder's obligations, including the following:

'You must tell us if you plan on taking a cruise trip or winter sports trip if you haven't already included cover for it.'

However, I'm not persuaded that this important requirement is highlighted clearly enough within the IPID, being placed within a box in the middle of page two or that it makes it clear at all claims made during a cruise holiday won't be covered unless optional cruise cover has been purchased.

So, based on the totality of the evidence I've seen, I don't think the policy (or the documentation as a whole) is drafted in a clear, fair or not misleading way. I think the policy terms are ambiguous as to what Admiral intends to cover and exclude. It was open to Admiral, as the drafter of the policy, to clearly state that there was no cover at all for any claims arising on a cruise holiday unless cruise cover had been purchased. But it didn't do so. And I think this is a significant restriction on cover. I consider that if Admiral had made the level of cover sufficiently clear, Mr R is likely to have taken out the optional add-on and accordingly, his claim would have been considered. So I think he's lost out as a result of Admiral's failure to highlight what cover it did and didn't provide.

Where a contract term or terms are ambiguous or unclear, it's a legal principle that they should be interpreted in favour of the party who didn't draft the contract. In this case, that's Mr R.

Overall, I don't think Admiral acted fairly when it turned down Mr R's claim and I now direct it to reconsider the claim under the medical expenses section of the policy.

My final decision

For the reasons I've given above, my final decision is that I uphold this complaint.

I direct Admiral Insurance (Gibraltar) Limited to reconsider Mr R's medical expenses claim, in line with the remaining terms and conditions of the policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 24 March 2025.

Lisa Barham
Ombudsman