

The complaint

Mr and Mrs M have complained that AWP P&C S.A. declined a claim they made on a travel insurance policy attached to a bank account. They are also dissatisfied with how the complaint was dealt with.

As it is Mr M leading on the complaint, I will mostly just be referring to him in this decision.

What happened

Mr and Mrs M were due to take a short break in April 2024. Their flight was delayed by bad weather. The weather also prevented the flight from landing at its destination and so it returned to the UK, to a different airport than they had departed from. Mr M therefore made a claim on the policy for unused costs and additional expenses.

AWP declined the claim on the basis that the circumstances were not covered under the policy terms.

In response to the complaint, AWP paid £50 compensation in acknowledgement of a delay in addressing the complaint. However, it maintained its decision to decline the claim.

Our investigator thought that AWP had acted reasonably in declining the claim, in line with the policy terms and conditions. She also thought that £50 was appropriate compensation for the delay.

Mr M disagrees with the investigator's opinion and so 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.

I've carefully considered the obligations placed on AWP by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for AWP to handle claims promptly and fairly, and to not unreasonably decline a claim.

Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it's willing to cover and set these out in the terms and conditions of the policy document. The test then is whether the claim falls under one of the agreed areas of cover within the policy.

AWP assessed the claim under the 'Delayed Departure' section of the policy. So, I've considered whether that was correct.

Section 1 of the policy applies to 'Cancellation'. This section would provide cover for unused and unrecoverable accommodation, travel and car parking charges, which are the sorts of things Mr M is claiming for.

However, the policy wording states:

‘Section 1 – Cancellation

This section provides cover if you have to cancel your trip before you leave your home to start your trip.’

The definition of ‘home’ is:

‘The address where the account holder permanently lives in the UK’.

Although Mr M says that the airline should have cancelled the flight because of the bad weather, that is not the fault of AWP.

Mr M had left home and was actually on the flight to hopefully get to his destination. As the Cancellation part of the policy is only active prior to someone leaving home to start their trip, it is clear that the Cancellation section is not applicable to his circumstances.

Section 2 of the policy relates to ‘Cutting Short Your Trip’ and is made up of four parts – Curtailment, Unused Trip Costs, Natural Disaster and Home Care. Again, the first two parts of this section of the policy would provide cover for unused accommodation costs. It would also cover the extra costs involved in returning home early.

However, cover is provided under this section of the policy only in a particular set of circumstances. Those being:

Part A – Curtailment

‘We will provide this cover if you have to cut short your trip after it has begun due to one of the following necessary and unavoidable circumstances only:

1. The death, serious injury or serious illness of:

- a. you;*
- b. a travelling companion;*
- c. a close relative of you or a travelling companion;*
- d. someone outside your home area that you were staying with; or*
- e. a business associate.*

2. You, a travelling companion or anyone outside your home area that you had planned to stay with is called for jury service or as a witness in a court of law.

3. You or a travelling companion are advised by the police to return home to secure the property following a burglary, or damage caused by serious fire, storm, flood, explosion, subsidence, vandalism, fallen trees, impact by aircraft or vehicle at your home or their home or usual place of business in your home area.

4. One of the following people are held in quarantine by order or other requirement of a government or public authority, based on their suspicion that they, specifically, have been exposed to a contagious disease:.....’

Part B – Unused Trip Costs

'We will pay up to £5,000 for your proportion of your accommodation, excursions and other trip costs that you cannot use during the period you are admitted to hospital as an in-patient, based on each complete period of 24 hours you are admitted.'

Mr M's circumstances do not fall into any of the above listed insured events.

Mr M says his claim should be considered under Part C of the 'Cutting Short your Trip' section. This relates to 'Natural Disaster' and he thinks that the severe weather meets the requirements of the definition of that within the policy.

I don't agree that the weather in this case could be categorised as a 'Natural Disaster'. However, that doesn't really matter because this section of the policy doesn't apply to Mr M's circumstances anyway.

Firstly, it only provides cover for extra accommodation expenses, rather than unused pre-booked accommodation. Secondly, it only provides cover:

'if you are forced to move from your pre booked and pre-paid accommodation because the accommodation or immediately surrounding area are adversely affected by a natural disaster.'

So again, unfortunately, Mr M's circumstance does not fit into the scenario of when cover would be provided.

Based on the available evidence, I'm satisfied that AWP acted correctly in not assessing the claim under the 'Cancellation' or 'Cutting Short Your Trip' sections of the policy.

The most relevant part of the policy is therefore Section 10 – Delayed Departure. Under Part A of this section, a claim can be made for additional costs incurred if a flight is delayed by more than four hours at the departure point.

The definition of 'departure point' is:

'The airport, coach or train station, or port where:

- the outward journey of your trip begins;*
- your return journey back home begins; and any pre-booked connecting transport during your trip leaves from.'*

Mr M's initial flight was delayed for less than four hours and so he isn't able to benefit from the cover provided under the above term. And, as Mr M has pointed out, it only provides cover for additional accommodation, whereas he would like to claim for the hotel he wasn't able to use.

Part B of the Delayed Departure section is about 'Abandonment Before Departure'.

This part does provide cover for unused pre-booked costs. However, again, Mr M's circumstances unfortunately do not correspond with the policy wording. Firstly, he did depart on the trip. And secondly, cover would only be provided if the trip was abandoned before departure because the flight was delayed by more than six hours.

I disagree that the policy wording is ambiguous and open to interpretation. I consider it is clear about when different sections of the policy would apply, and what is and is not covered under those different sections.

I understand what Mr M has said about the overall delay he suffered, and that he didn't really leave the UK as the plane didn't land anywhere else before returning to the UK.

I sympathise with Mr M's situation. He was unable to undertake his planned trip due to circumstances that were completely outside of his control and is out of pocket as a result. However, the matter at hand is whether those circumstances are covered under the policy terms – and I'm afraid that they are not.

I've thought very carefully about all of the points Mr M has made, to consider whether it would be fair to ask AWP to act outside the policy terms to settle the claim. However, overall, I'm satisfied it acted fairly and reasonably in declining the claim.

I'll look now at how AWP dealt with the complaint.

Mr M says the adviser he spoke to over the phone refused to give his surname or employee number so that he could follow up his claim. But the adviser had given his first name, which is standard procedure. And Mr M didn't need those other details to pursue his claim or complaint further. A manager would have been able to find out whom he'd been speaking to from the claim reference number.

I appreciate that Mr M feels that AWP took a long time to respond to his complaint. And I understand that AWP was providing updates which indicated that it would be able to provide its response sooner than it did. However, under the Financial Conduct Authority (FCA) regulations that financial businesses have to follow, firms have up to eight weeks to respond.

Mr M first complained on 12 April 2024 and AWP provided its response on 13 June 2024. So, it responded six days later than it should have. Overall, I consider that the £50 paid by AWP is a fair and reasonable amount for the distress and inconvenience caused by that delay.

Mr M has further mentioned that the policy may have been mis-sold to him. As AWP wasn't the seller of the policy, I am unable to address that issue here. Mr M would need to approach his bank if he wishes to pursue a mis-selling complaint further.

My final decision

For the reasons set out above, my final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 3 January 2025.

Carole Clark
Ombudsman