

## **The complaint**

Mr and Mrs P have complained that Aviva Insurance Limited hasn't fully settled a claim they made on a travel insurance policy associated with a bank account.

As it is Mrs P leading on the complaint, I will mostly just be referring to her in this decision.

## **What happened**

Mr and Mrs P were on a trip abroad in June 2024 when a planned flight was cancelled due to strike action. So, they made a claim on the policy for the unused and additional costs they incurred.

Aviva settled the claim under the Travel Delay section of the policy and paid £140. However, it declined to pay the other costs being claimed for on the basis that the circumstances aren't covered under the policy terms.

In response to the complaint, Aviva accepted there had been some poor service, so it offered compensation of £50. However, it maintained that the settlement amount was correct.

Our investigator thought that Aviva had acted reasonably in the way it assessed the claim. However, she thought that £150 would be a more appropriate amount of compensation for the distress and inconvenience caused.

Mrs P 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 Aviva by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for Aviva 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.

Aviva has settled the claim under the Travel Delay part of the policy and paid £140. Looking at those policy terms, they state:

*'If your pre-booked transport is delayed for more than 12 hours and you choose to continue your trip, we will pay £30 for the first full 12 hour period you are delayed and £20 for each full*

*12 hour delay after that. If your trip is three nights or less, the benefit will be paid after a delay of 6 hours and for each full 6 hour delay after that.*

*For each insured person the most we will pay is £250.'*

The cancelled flight had been due to depart at 9.50am on 30 June 2024. The new flight that Mrs P booked departed at 7.15am on 2 July 2024. Therefore, based on the available evidence, I'm satisfied that the claim under Travel Delay has been correctly settled.

Mr and Mrs P were on a two-location trip. Having spent time in Country A, they were due to fly to country B on 30 July 2024, spending three nights there before returning to the UK on 3 July 2024. Due to the cancelled flight, they had to pay for new flights and two extra nights' accommodation in Country A. And they lost the pre-paid hotel costs for the two nights they missed in Country B. They think that Aviva should cover these and other out of pocket expenses.

The policy does provide cover for such costs in certain circumstances.

Looking at the policy terms again, under 'Alternative travel arrangements', it states:

*'If you have to make alternative travel arrangements, as a result of:*

*The public transport on which you are booked to travel to or from your home territory is cancelled or delayed for at least 12 hours, diverted or redirected after take-off; or*

*we will pay for additional travel and accommodation costs you incur to reach your destination or home on the return journey.*

*For each insured person, the most we will pay is £5,000.'*

The definition of 'home territory' is the UK.

The cancelled flight was not a flight back to the UK. Therefore, on a strict interpretation of the policy terms, the circumstances are not covered.

Mrs P says she rang Aviva on 30 June 2024 to explain the situation and was told that they were fully covered. Aviva can't find a copy of the phone call. However, I have no reason to doubt Mrs P's version of events that she was given incorrect information.

If things had happened as they should, Mrs P would have been told that the additional and unused costs would not be covered but that they would receive an amount under the travel delay section of cover for every full 12 hours of delay. So, I've considered whether, to compensate for that, I should ask Aviva to settle this part of the claim, outside of the normal policy terms. However, when considering compensation, I need to think about the loss that Mrs P suffered as a result of any error. An important consideration of that is whether Mrs P would have acted differently had she been given the correct information.

They needed to get to Country B to take their scheduled flight back to the UK on 3 July 2024. And the first flight available was the one Mrs P booked on 2 July 2024.

Based on the available information, had the correct information been provided, I consider it more likely than not that they would have needed to book the two extra nights' accommodation in Country A, and the flights on 2 July 2024 anyway. In which case they would always have incurred those extra costs.

I have a great deal of sympathy for Mr and Mrs P's situation. The flight was cancelled due to circumstances outside of their control and they are out of pocket as a result. It must have been very stressful being stranded in another country with little or no assistance from the airline. However, the matter at hand is whether those circumstances are covered under the policy terms – and I'm afraid to say that they are not. Overall, I consider it was reasonable for Aviva to decline the claim, in line with the policy terms and conditions.

There was clearly some poor service. Our investigator has previously set out a list of other errors, in addition to the misinformation provided on 30 June 2024, so I won't repeat that again here. Mrs P undoubtedly had her expectations raised that a higher settlement amount would be forthcoming.

I've thought about everything Mrs P has said and the impact of the poor service that was provided. However, on balance, I'm satisfied that £150 is an appropriate amount to compensate for the distress and inconvenience caused.

### **My final decision**

For the reasons set out above, I uphold the complaint and require Aviva Insurance Limited to pay £150 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 21 March 2025.

Carole Clark  
**Ombudsman**