

The complaint

Mr and Mrs D have complained that U K Insurance Limited (UKI) declined a claim they made on a travel insurance policy.

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

What happened

Mr and Mrs D were due to go on a trip abroad on 20 June 2024. Sadly, Mr D's father died on 8 June 2024, with the funeral taking place on 21 June 2024. They therefore cancelled their holiday and made a claim on the policy.

UKI declined the claim on the basis that the circumstances were not covered under the policy terms and conditions.

In responding to the complaint, UKI acknowledged some poor service for which it apologised and paid £175 compensation. However, it maintained its position in declining the claim.

Our investigator thought that UKI had acted reasonably in declining the claim. He also thought that £175 was fair compensation for the service issues.

Mr D disagrees 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 UKI by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for UKI to handle claims promptly and fairly, and to not unreasonably decline a claim.

Mr D has mentioned that the policy may have been mis-sold. He would need to make a separate complaint about that issue, against the seller, if he so chooses. To be clear, this decision is only looking at the actions of UKI, as the underwriter, in declining the claim.

Looking at the policy terms, for exclusions under the section 'Cancelling your Trip', it states:

'14. Ill-health of close relatives, colleagues and travelling companions

Any claim for cancelling or cutting short your trip due to the illness or injury of a close relative, a colleague or travelling companion if you were aware of one or more of the scenarios listed below in the 12 months leading up to you becoming an insured person, or the date when you booked your trip whichever is later:

- *They have a medical condition that has resulted in inpatient treatment or being on a waiting list for hospital treatment.*

- *They have been given a cancer diagnosis.*
- *They have been given a terminal prognosis.'*

Mr D's father received a cancer diagnosis on 9 December 2023 and Mr D became aware of it on 8 January 2024. He then booked the trip in April 2024. Therefore, UKI has declined the claim on the basis that the diagnosis was within 12 months of the trip being booked.

Mr D has made the point that, although death is mentioned in other areas of the policy, the above clause only mentions the illness or injury of a close relative. As it doesn't mention death, that is not excluded under the cancellation terms and so the claim should be paid.

I appreciate the point being made, however I am not persuaded by it. Death happens as a result of illness or injury, so I don't think UKI needed to clarify the clause further by adding extra wording to include death. So I do not agree that the term is ambiguous. Overall, I'm satisfied that UKI has correctly used the above clause to decline the claim.

In responding to the complaint, UKI sought to reinforce its position by stating that the claim would also have been declined as an 'Anticipated event'. Although he knew of his father's diagnosis, I don't think Mr D would have had any sense of how the illness would progress. Therefore, I don't think UKI should have suggested this clause as a second reason why the claim would fail. But it didn't rely on this clause when initially declining the claim. And the primary, valid reason for declining the claim, as set out above, remains.

UKI identified that there had been some poor claims handling which resulted in delay and extra time and trouble for Mr D. Overall, I'm satisfied that £175 is reasonable compensation for the distress and inconvenience caused.

I have a great deal of sympathy for Mr D's situation. I am sorry for his loss. And he's had to cancel a holiday for reasons that were totally outside of his control, leaving him out of pocket as a result. But the matter at hand is whether those circumstances are covered under the policy terms.

I've thought very carefully about what Mr D has said. However, on balance, I'm unable to conclude that UKI has acted unfairly. I consider it was reasonable for it to decline the claim, in line with the policy terms and conditions. It follows that I do not uphold the complaint.

My final decision

For the reasons set out above, I do not uphold the complaint. As I understand it, U K Insurance Limited has already paid the £175 compensation, so I am not asking it to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask to accept or reject my decision before 7 March 2025.

Carole Clark
Ombudsman