

The complaint

Mr R and Mr B complain that AWP P&C S.A. has voided their travel insurance policy.

What happened

Mr R and Mr B bought a single trip travel insurance policy on 21 April 2023, provided by AWP. The cover period was between 28 April 2023 and 27 October 2023.

Mr R and Mr B made a claim under the policy after a serious incident during their trip abroad. AWP declined the claim as it said the policy Mr R and Mr B had bought wasn't suitable for the trip they were undertaking. It said the trip included activities that were not covered by the policy, which meant they had no cover under the policy at all. So, AWP said it would void the policy and return Mr R and Mr B the premium they paid.

Mr R and Mr B didn't think AWP had acted fairly. They didn't think the terms AWP had relied on were clear. So, they brought a complaint to our service.

One of our investigators looked into what had happened. Having done so, she didn't think AWP had acted fairly or reasonably when it voided the policy. So, she said it should reconsider Mr R and Mr B's claim in line with the remaining policy terms and conditions. She also said AWP should pay £200 for the distress and inconvenience caused.

Mr R and Mr B agreed with our investigator's findings. AWP didn't and it asked for an ombudsman's review. As no agreement was reached, the complaint has 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.

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of Mr R and Mr B's complaint.

AWP says that a leisure travel insurance policy was unsuitable for the type of trip Mr R and Mr B had planned, and therefore, they had no cover under the policy. So, I've looked at the terms and conditions of the policy, as well as the sales journey, to decide if AWP has acted fairly and reasonably in the circumstances.

Firstly, neither party have made any specific arguments about the sales journey, so I won't comment on it in detail. However, I haven't seen anything in the sales journey that suggests the policy wasn't suitable for Mr R and Mr B. The sales journey asks the applicant to confirm the statements in the eligibility criteria are true, and it asks the applicant if they have any pre-existing medical conditions to declare. Based on the information AWP has provided, there's nothing to suggest that if a policyholder participates in certain activities, the policy will be void entirely.

I've then looked at the policy definition of a "trip", which is as follows:

"Your travel originally scheduled to begin on your departure date and end on your return date to, within and/or from location abroad.

It cannot include travel with the intent to receive health care or medical treatment of any kind, or moving, or commuting to and from work.

No trip can last longer than the maximum number of days allowed according to your policy type, age and destination. See definition 'period of cover' for further information."

I don't think AWP's arguments on this being a leisure policy not intended to cover the type of trip Mr R and Mr B went on are supported by the policy terms and conditions. There's no mention of a "leisure" in the definition of a trip, or elsewhere in the policy – or that the type of trip Mr R and Mr B went on is excluded by the policy entirely.

The Activity Pack which was included in Mr R and Mr B's policy sets out the activities that are covered when the policyholder is participating in these on a *"recreational and amateur basis"*. AWP says this policy wasn't suitable for Mr R and Mr B's trip considering the level of detail of their trip, and a more specialist policy should have been sought.

I've considered the detailed plan of Mr R and Mr B's trip. But it seems to me the activity during which the incident happened was carried out on a recreational and amateur basis. The Activity Pack cover specifically excludes competitions and events, which isn't something Mr R or Mr B participated in when the incident happened.

AWP says the policy wasn't suitable because Mr R and Mr B took part in activities that are not covered by the policy. It has referred to the eligibility criteria for the policy which says it will only cover the "whole trip", as well as the exclusions under the activity packs in the policy.

The eligibility criteria for the policy are set out in the terms and conditions as below:

"This policy is only available to you if you:

- have your primary residence in and you are registered with a doctor in the UK, the Channel Islands or the Isle of Man;*
- have not spent more than 6 months abroad during the 12 months before this policy was issued or your trip was booked (whichever is later);*
- are in your country of residence at the time of purchasing this policy. We will only cover you for the whole trip. Any trip that has begun when you purchase this insurance will not be covered;*
- are not travelling with the intention of receiving medical treatment.*
- are fit to travel on your trip and are not travelling against the advice of a doctor or where you would have been if you had sought their advice before commencing your trip."*

The criteria for AWP only covering the “whole trip” above specifically refers to the policyholder being in the country of residence when buying the policy. And any trip that has already started when buying the policy isn’t covered. But Mr R and Mr B’s trip hadn’t started when they bought the policy. So, I don’t think AWP has acted fairly or reasonably in saying they weren’t eligible for the policy.

The exclusion under the Activity Pack which was included in the policy says the following:

“In any event no cover will be provided under any section of the policy if you are:

- participating in, or training for any professional or semi-professional sporting competition or event; or*
- participating in, or training for any amateur sporting competition while on your trip. This does not include participating in informal recreational sporting competitions and tournaments organised by hotels, resorts or cruise lines to entertain guests.*
- participating in, or training for any sport or activity with a company that (where required) is not regulated or licensed or where the sport or activity is otherwise prohibited by law.*
- participating in, or training for any sport or activity not listed.”*

And the exclusions in the optional Activity Packs (which Mr R and Mr B didn’t buy) include a further term as follows:

“participating in, or training for any sport or activity involving heli-skiing, ice climbing, ski acrobatics, ski flying, skiing against local authority or resort management warning or advice, ski-stunting, ski jumping, ski mountaineering, or the use of bobsleighs, luges or skeletons or any high-altitude activity.”

AWP says there’s no cover under the policy (that is, the policy is void) if a policyholder participates in activities not included in the policy, and specifically, if the policyholder participates in any high-altitude activity, as Mr R and Mr B did before the incident happened. But I don’t agree that’s what the policy terms say. Or if AWP intended them to say this, the terms aren’t clear.

I think the above policy terms exclude cover *while* a policyholder participates in activities not covered – but there’s nothing to say this means the entire policy is void. So, I think the terms are clear that Mr R and Mr B had no cover while they participated in high-altitude activity. In other words, if their claim related to this activity, AWP would be entitled to decline it. But Mr R and Mr B’s claim relates to an incident that happened while participating in an activity that was covered by their policy. So, I don’t think AWP has acted fairly or reasonably in saying the above exclusions meant there was no cover under the policy at all – or that it was void.

For completeness, when a term isn’t clear or it’s ambiguous, our approach is to interpret it in the favour of the consumer. If AWP intended the policy to be void if a policyholder participates in activities not covered, then I don’t think the terms it has relied on are clear in saying that – both the eligibility criteria and the exclusions on activities – for the reasons I’ve set out above.

Lastly, AWP has said we should also comment on whether Mr R and Mr B’s claim is covered, and to what extent. However, AWP didn’t give Mr R and Mr B an answer on the claim as it said it would void the policy. I’ve only considered if AWP acted fairly and reasonably in doing so. For the reasons I’ve explained, I don’t think it did. So, I think AWP should now reconsider Mr R and Mr B’s claim. If they’re not happy with the claim outcome, Mr R and Mr B can raise a complaint about this with AWP in the first instance.

I think AWP caused Mr R and Mr B unnecessary distress and inconvenience when it unfairly voided the policy. Our investigator recommended it should pay them £200 – I agree this is fair and reasonable in the circumstances.

Putting things right

If AWP voided the policy and refunded Mr R and Mr B the premium, it should reinstate the policy and remove all record of the voidance from any internal and external databases. It can also deduct any premium refund from any claim settlement.

AWP should then reconsider the claim in line with the remaining terms and conditions of the policy, and it should pay Mr R and Mr B £200 for the distress and inconvenience caused.

My final decision

My final decision is that I uphold Mr R and Mr B's complaint, and I direct AWP P&C S.A. to take the action set out under the "putting things right" section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mr B to accept or reject my decision before 4 March 2025.

Renja Anderson
Ombudsman