

## **The complaint**

Mrs S complains that AWP P&C S.A. hasn't paid a claim under her travel insurance policy.

## **What happened**

Mrs S held a travel insurance policy through her bank account. The insurer was AWP.

Mrs S travelled abroad in July 2024 but her passport was unfortunately either lost or stolen whilst in transit. This meant that Mrs S was denied entry to the country upon arrival, and she was returned to the UK. Mrs S made a claim to AWP for the unused costs of the trip.

AWP paid the remaining value of Mrs S' original passport under the policy terms. But it said the unused costs of the trip weren't something the policy covered in the circumstances. AWP acknowledged it didn't handle the claim as well as it should have. So, it paid Mrs S £250 for the distress and inconvenience caused.

Mrs S brought a complaint to this service as she didn't think AWP had acted fairly. One of our investigators looked into what had happened. And having done so, he thought AWP had acted fairly and reasonably in the circumstances. He didn't think the policy provided cover for the unused costs of Mrs S' trip in her circumstances.

Mrs S didn't agree with our investigator's findings. In short, she said the following:

- The loss or theft of the passport was completely unforeseen and beyond her control. The exclusion for not having the correct passport doesn't apply in her circumstances.
- A fair and reasonable, rather than a strict, interpretation of the policy terms should be applied considering the exceptional circumstances.
- The trip was effectively cancelled due to an unforeseen and unavoidable disruption. This is what a travel insurance policy is intended to provide cover for. And the policy terms don't explicitly exclude cover for her circumstances.
- AWP is required to treat customers fairly, especially those in vulnerable situations.
- The compensation offered doesn't reflect the emotional and financial distress.

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 Mrs S' complaint.

Firstly, I appreciate Mrs S' circumstances were unforeseen and unavoidable. But that doesn't mean it would be fair for me to tell AWP to pay her claim. My role is to be fair to both parties. And an insurer is entitled to decide what risk it's willing to accept in return of a premium. Those risks are set out in the terms and conditions of Mrs S' policy. So, I've looked carefully through the full policy terms and conditions to see if Mrs S' circumstances are covered under the policy, whilst considering what's fair and reasonable.

AWP considered and paid Mrs S' claim under the "Loss of Passport or Driving Licence" section of the policy. This provides the following cover:

***"Costs for issuing a temporary replacement***

*We will pay up to £750 if your passport is lost, stolen or destroyed on your trip for reasonable extra travel, accommodation and administration costs that you have to pay to obtain:*

- evidence of your driving licence from the DVLA if your driving licence is lost, stolen or destroyed while you are on your trip and this is necessary to enable you to continue your trip; or*
- an emergency travel document if your passport is lost, stolen or destroyed while you are on your trip; and*
- a temporary passport or travel permit.*

***Remaining value of original passport***

*We will also pay the equivalent cost (based on the current standard replacement costs) of the period remaining on your passport that is lost, stolen or destroyed."*

AWP paid the remaining value of the original passport, but it didn't pay for any costs for issuing a temporary replacement as Mrs S didn't incur any extra travel, accommodation or administration costs for doing so. This was because Mrs S returned to the UK at no additional cost. And the new passport she applied for once back home wasn't an emergency travel document or a temporary passport. I think AWP considered the claim fairly in line with the above policy terms.

The "Cancellation" section of the policy says it provides cover if the policyholder has to cancel the trip before they leave their home to start the trip. The terms also say that cover for cancellation ends when the policyholder starts a booked trip. So, as Mrs S had left her home to start the trip, and she had already taken the outbound flight abroad, her cover for cancellation had ended. And in any event, Mrs S' circumstances aren't listed as a specified event, for which AWP has accepted to cover the risk, under the cancellation section.

The "Cutting Short Your Trip" section of the policy provides cover if the policyholder has to cut short their trip after they have started it. This is the section that applies in Mrs S' circumstances – she had started her trip but had to cut it short due to her circumstances. So, I've looked carefully through the specified events that are covered under this section.

The policy makes it clear that it provides cover where a policyholder has to cut short their trip in the nine specific necessary and unavoidable circumstances only. And as our investigator set out, Mrs S' circumstances unfortunately aren't listed as something that's covered under this section of the policy.

Additionally, both the "Cancellation" and "Cutting Short Your Trip" sections have the following exclusions:

*“Any claim arising from you or a travelling companion not having the correct passport or visa, other than for the reason shown as being covered;*

*Any restriction caused by the law of any country or people enforcing these laws;”*

I appreciate Mrs S says the first exclusion isn't intended for her circumstances, as she had the correct passport, it was just lost or stolen. But ultimately, she didn't have the correct passport to enter the country – she had none. And it was due to the restriction caused by the law of the country she was entering that she was denied entry.

So, I think AWP has acted fairly and reasonably in saying the circumstances that led to Mrs S cutting short her trip aren't covered by the policy terms. And in any event, I think the above exclusions apply in her circumstances. I don't think I would be fair or reasonable for me to ask AWP to depart from the terms of the policy, to pay Mrs S' claim.

I've looked through the remaining terms and conditions of the policy. And having done so, I can't see that any of the other sections are relevant to her circumstances. So, I don't think the policy provided cover for the unused costs of her trip.

I appreciate Mrs S says a travel insurance policy is intended to cover unforeseen events, and her specific situation isn't explicitly excluded under the policy. But as I've explained in my decision, I think there are exclusions in the relevant section that apply to her circumstances. And regardless, what's key is if the policy provides cover for a policyholder's circumstances – not whether they're explicitly excluded. And for the reasons I've explained, Mrs S' circumstances simply aren't listed as a specified event that the policy provides cover for.

I'm sorry to disappoint Mrs S, but having considered everything, I don't think AWP acted unfairly or unreasonably when it declined her claim, for the reasons it did.

I can see that AWP caused Mrs S unnecessary distress and inconvenience in how it handled the claim. It asked her for additional evidence in support of her claim, leading her to believe the claim would be covered. Mrs S has also said AWP reassured on several occasions that her the claim would be paid.

AWP has accepted it should have told Mrs S sooner the claim wouldn't be covered and so it paid her £250 for the distress and inconvenience caused. I think this fairly reflects the frustration and inconvenience Mrs S experienced with regards to how AWP handled the claim. However, the distress caused by the event that led to the claim, and the financial impact, aren't something AWP is responsible for. Overall, I don't think there's anything else AWP needs to do, to put things right.

### **My final decision**

My final decision is that I don't uphold Mrs S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 18 April 2025.

Renja Anderson  
**Ombudsman**