

The complaint

Mr D complains that AXIS Specialty Europe SE declined a claim under a travel insurance policy.

What happened

Mr D holds a travel insurance policy through his employer. The insurer is AXIS.

Mr D sadly had to cancel a holiday as his uncle passed away shortly before he was due to travel. He made a claim to AXIS for the cost of cancelling the holiday. AXIS declined the claim as it said that whilst the policy covered cancellation in the event of a death of a close relative, the definition for this didn't include an uncle. Unhappy with this, Mr D brought a complaint to our service.

One of our investigators looked into what had happened. Having done so, she thought the relationship Mr D had with his uncle was more similar to a traditional relationship with a parent or step-parent. So, she thought it would be fair and reasonable for AXIS to consider his claim, outside the strict interpretation of the policy terms and conditions.

AXIS didn't agree with the investigator's findings. It said that the policy terms were clear in setting out the risk it was willing to accept. And Mr D's claim didn't fall within the terms and conditions of the policy. AXIS also didn't think the relationship Mr D had with his uncle was similar to a relationship with a father, especially as there had been a gap of one year where they had not been in contact.

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 D's complaint.

Mr D's policy covers necessary and unavoidable cancellation in the event of *"the death, Bodily Injury or Illness of an Insured Person or Close Relative, Close Business Colleague, travelling companion or person with whom an Insured Person intends to stay"*.

A "close relative" is defined in the policy as follows:

"Means an Insured Person's mother, father, sister, brother, wife, husband, Spouse or Permanent Companion, son, daughter, (including fostered, step and adopted), grandparent, grandchild, parent in law, son in law, daughter in law, brother in law, sister in law, step sister, step brother, legal guardian or fiancé(e)."

Mr D cancelled his holiday because of the death of his uncle. So, under a strict interpretation of the policy terms and conditions, Mr D's claim isn't covered. This is because the definition of a close relative doesn't include an uncle, and therefore the reason for cancellation isn't a specified event under the policy terms.

However, my role is to decide what's fair and reasonable in all the circumstances of a complaint. So, I've considered if it would be fair and reasonable for me to direct AXIS to step away from a strict interpretation of the policy terms in the individual circumstances of Mr D's complaint.

Mr D has explained that his uncle was like a father to him. He says they lived on the same street for 20 years, went on holidays together, and Mr D would regularly help his uncle – for example, by accepting the delivery of his medication and taking him to places. Mr D also says he often stayed with his uncle when he was a teenager and helped in his shop. Mr D says his uncle even offered to contribute to a deposit when he was looking to buy a house. And when his uncle became unwell, Mr D's aunt called him to help resuscitate whilst waiting for the ambulance.

Mr D has also sent messages showing his uncle often invited him for dinner, and other communication. I can also see other family members knew Mr D considered his uncle to be like a father to him. Mr D has explained that there was no gap in communication as his uncle would call more than message, and he lived nearby regardless.

Having considered everything, I think the relationship Mr D had with his uncle is more akin to any of the family members described under the definition of a close relative in the policy, for example father, grandparent or parent in law. It's likely that when the policy was written, the relationships listed under close relative were selected after considering the relationships people traditionally have with those family members.

Overall, I don't think a strict application of the policy terms would produce a fair and reasonable outcome in the circumstances of Mr D's complaint. This is because I'm satisfied his relationship with his uncle was more like the relationships set out in the definition of a close relative. And I think considering the claim on the basis Mr D's uncle was a close relative will mean the cover under the policy has operated in the way it was intended to. That is, cover losses, subject to any other relevant terms and conditions, following the death of a close relative.

So, I think a fair and reasonable outcome is for AXIS to deal with Mr D's claim on the basis that his uncle should be treated as a close relative under the policy terms and conditions.

My final decision

My final decision is that I uphold Mr D's complaint. I direct AXIS Specialty Europe SE to consider Mr D's claim in line with the policy terms and conditions while accepting that his uncle meets the definition of a close relative under the policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 27 March 2025.

Renja Anderson
Ombudsman