

The complaint

Mr and Mrs A complain that Liverpool Victoria Insurance Company Limited (LV) turned down a curtailment claim they made on a travel insurance policy.

Mr and Mrs A's representative made this complaint on their behalf. But for ease of reading, I've mainly referred to Mr and Mrs A throughout.

What happened

Mr and Mrs A travelled abroad on holiday in late December 2023 to a country I'll call R for a family celebration. They were due to travel back to the UK on 9 January 2024 from a country I'll call C. Unfortunately, on arrival in R, Mrs A tested positive for Covid-19. Mr and Mrs A travelled on to another part of R in the hope that Mrs A would recover.

But Mrs A's condition didn't improve and she was admitted to hospital between 2 and 4 January 2024. Following her discharge from hospital, she spent the remainder of the trip in her hotel room before travelling on to take the pre-booked return flight.

Mr and Mrs A were able to return home as they'd planned. But Mrs A had to be readmitted to hospital shortly after their return to the UK, as she remained unwell.

Subsequently, Mr and Mrs A made an 'effective' curtailment claim on the policy for their travel and accommodation costs. That's because they said Mrs A had been ill following her arrival in R and following her hospital admission, she'd been discharged to her accommodation to isolate for two days. Mr and Mrs A also said the treating hospital had required Mr A to remain with Mrs A while she was an inpatient. And they told us Mr A had also contracted Covid-19 and had been required to isolate with Mrs A at their accommodation.

LV turned down Mr and Mrs A's claim. It said the claim wasn't covered by the curtailment section of the policy.

Mr and Mrs A were unhappy with LV's decision and so their representative asked us to look into their complaint.

Our investigator thought Mr and Mrs A's complaint should be partly upheld. She thought Mrs A's trip had been effectively curtailed between 2 and 6 January 2024, while she'd been hospitalised and her subsequent self-isolation. So she recommended that LV should pay 50% of Mr and Mrs A's accommodation costs during that period to reflect the impact Mrs A's illness had had on her trip.

But the investigator didn't think there was sufficient evidence to indicate that Mr A's trip had also been effectively curtailed. And she didn't think there was enough evidence to say benefit should be paid after 6 January 2024. So she didn't think LV needed to cover Mr A's costs or pay any further benefit.

LV accepted the investigator's view but Mr and Mrs A's representative disagreed with the

investigator's findings. So the complaint's 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.

Having done so, I think the fair outcome to this complaint is for LV to pay Mr and Mrs A 50% of their accommodation costs between 2 and 6 January 2024, together with interest, and I'll explain why.

First, I'd like to reassure Mr and Mrs A that while I've summarised their representative's submissions to us, I've considered all they've said and sent. In this decision though, I haven't commented on each point that's been made and nor do our rules require me to. Instead, I've focused on what I think are the key issues.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. I've taken those rules into account, amongst other relevant considerations, such as regulatory principles and guidance, the policy terms and the available evidence, to decide whether I think LV handled this claim fairly.

I've first considered the policy terms and conditions, as these form the basis of the contract between Mr and Mrs A and LV. While Mr and Mrs A claimed for 'effective' curtailment, this isn't a risk which LV has specifically chosen to cover. The policy includes a section called '*If you need to cut short/cancel your trip after you've left home.*' Given Mr and Mrs A believe their trip was effectively cut short while they were abroad as a result of Mrs A's illness, I think it was reasonable and appropriate for LV to consider their claim under this section of the contract. This says:

'What is covered

If you need to cut short a trip because of one of the reasons shown below...

*We'll pay unused personal accommodation and other trip expenses based on each full 24 hour period you have lost. **Loss is based on the date you needed to return home, or the date you are in hospital as an in-patient if you remain there for the rest of your trip...***

We'll only provide the cover above if you cut your trip short for one of the following reasons:

- *If you are injured or ill and are in hospital for the rest of your trip.*' (My emphasis added).

The policy also sets out a list of risks which LV has chosen not to cover. One of these listed risks is any claim that's caused by or related to:

'You not enjoying your trip.'

I think the policy terms make it clear that LV will only pay curtailment claims if a policyholder returns home early from their trip or from the date they are hospitalised as an in-patient if they remain in hospital for the remainder of their trip.

In this case, Mr and Mrs A didn't return to the UK early. They travelled home on their pre-booked flights. And while Mrs A was hospitalised as an in-patient, she didn't remain in hospital for the rest of her trip. Therefore, based on a strict application of the contract terms,

there's no cover for Mr and Mrs A's situation.

However, I can depart from a strict interpretation of the policy terms if I consider their application produces an unfair result. That's the case here as I'll go on to explain.

Both parties accept that Mrs A became very unwell with Covid-19. And LV's notes show that on 2 January 2024, Mr A called LV's medical assistance team to let it know that Mrs A was unwell and that the family wanted her to see a doctor. Later that day, Mrs A was admitted to hospital for treatment of Covid-19.

On 4 January 2024, Mr A let LV know that Mrs A was being discharged from the hospital to isolate in their accommodation for two more days. He said that they hoped to make their pre-booked return flight.

In my view, the available evidence from the time indicates that Mrs A was unwell enough to be hospitalised for a two-day period before needing to isolate for a further two days at her accommodation. So I think it's fair and reasonable to conclude that her holiday was effectively curtailed by illness for that four day period between 2 and 6 January 2024. And therefore, I think it's reasonable to ask LV to step away from a strict application of the policy terms and pay curtailment benefit for Mrs A's share of the accommodation costs during this period.

I appreciate how strongly Mr and Mrs A believe that this settlement doesn't go far enough. I've considered this very carefully. From Mr and Mrs A's representative's account, Mrs A was able to travel within R, even though I accept she was already feeling unwell. And both Mr and Mrs A were able to make use of their outbound and inbound flights – which would appear to include travelling to C from R. So I don't think it would be fair for me to direct LV to pay any of their travel costs. By Mr A's account to LV at the time, Mrs A was only advised to isolate for two days after she was discharged from hospital – so I don't think I could fairly find that there was medical advice for her to be confined to the accommodation after 4 January 2024.

Mr A says he was required by the hospital to remain with Mrs A. It's possible this was the case. But I haven't seen enough medical evidence which shows this was more likely than not. While I can entirely understand why he wished to remain with Mrs A, it isn't clear to me that there was a definitive medical need for him to do so. I appreciate too that Mr A developed Covid-19 while he was away. But again, I've seen no medical evidence which indicates that Mr A needed medical assistance during his illness nor that he was advised that he needed to isolate at the accommodation.

On that basis, while I sympathise with Mr and Mrs A's position because it's clear they didn't have the holiday they planned and they missed an important celebration, I don't think I could reasonably conclude that Mr A's trip was effectively cut short due to Mrs A's illness. Instead, I think it would be reasonable for LV to conclude that this part of Mr and Mrs A's claim falls within the policy exclusion for loss of enjoyment. So I'm not telling LV to pay any benefit for any of Mr A's costs or for any of Mr and Mrs A's costs over and above 50% of the accommodation costs between 2 and 6 January 2024.

I was pleased to note that LV accepted the investigator's conclusions.

Putting things right

I direct Liverpool Victoria Insurance Company Limited to:

- Pay Mr and Mrs A 50% of their accommodation costs for the period 2 to 6 January

- 2024; and
- Add interest to the settlement at an annual rate of 8% simple from one month after the claim was made until the date of settlement.

If LV considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs A how much it's taken off. It should also give Mr and Mrs A a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons I've given above, my final decision is that I partly uphold this complaint and I direct Liverpool Victoria Insurance Company Limited to put things right as I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 17 April 2025.

Lisa Barham
Ombudsman