

The complaint

Mrs R and Mr R have complained that Chubb European Group SE have declined their travel insurance claim for pre-booked accommodation.

What happened

Mrs R and Mr R were due to depart on holiday in July 2024.

Unfortunately, an IT outage closed their destination airport, and consequently their flight was cancelled.

Mr R and Mrs R had pre booked accommodation and airport parking that had been paid for and they made a claim for this loss.

Chubb declined their claim saying that the loss wasn't covered under the policy as the circumstances of the cancellation weren't covered by one of the "perils".

Mrs R and Mr R complained, as they think that the IT outage was covered as a "technical fault", but Chubb didn't uphold the complaint, so Mr R and Mrs R brought their complaint to us.

One of our investigators has looked into the complaint and she thought that the circumstances were covered under the policy.

Chubb were unhappy with this, and so the matter has come 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.

I'm upholding this complaint, and I will explain why below.

I have to decide whether Chubb have declined the claim in line with the terms and conditions of the policy and acted fairly in doing so.

Below is the relevant term from the policy which is in dispute in this complaint:

"Section 1 - Travel Disruption:

Cover under this Section 1- Disruption, applies only to those situations listed as insured events below. If an event is not listed, then it is not insured under this Policy.

1. Cancellation, Curtailment and Rearrangement Costs

If during the Period of Insurance, it becomes necessary for You to cancel, curtail or rearrange a Journey due to:

b) a Public Conveyance being cancelled or curtailed because of adverse weather, industrial action, mechanical breakdown, technical fault or derangement.

Mr R and Mrs R were at the gate when their flight was cancelled by the airline due to the global IT outage, known as the CrowdStrike outage, which had affected the destination airport to such an extent that it had to close.

Mr R and Mrs R say that under section 1 b) of their policy they are covered for their accommodation and parking costs because their flight was cancelled, and the IT outage which closed the destination airport can be classed as a “technical fault” under the policy.

Chubb argue that section b) only applies where the “public conveyance” – the aircraft in this case - was cancelled due to “*mechanical breakdown, technical fault or derangement*” of the aircraft itself, not the destination airport’s equipment.

I disagree with this, and I don’t consider that this narrow interpretation is fair in the circumstances.

In the definitions, the policy doesn’t restrict the mechanical breakdown, technical fault or derangement to the aircraft itself, it only specifies that the flight must have been cancelled as a result of one of those factors.

In addition, reading the other possible causes of cancellation in that term, it also includes adverse weather and industrial action, which are not reasons that are specific to the aircraft, but rather external circumstances which affect its ability to operate. This supports the view that any mechanical or technical issue shouldn’t be restricted to the aircraft itself either, and therefore in my view a technical fault affecting the operation of the destination airport could be included.

So, then I’ve thought about whether the global IT outage can be described as a “technical fault”.

This IT outage was caused by CrowdStrike - a cybersecurity company - issuing an update to its cybersecurity software which interacted with Microsoft Windows and caused a malfunction which disabled their software. It affected millions of users worldwide, and impacted the operation of airlines, banks, hospitals and many other operators.

As the update itself was faulty, and as a consequence caused failure of the destination airports’ computer system, I consider that it is reasonable to say that this is a “technical fault” within the terms of the policy, and so should be covered under the policy.

Mr R and Mrs R have also asked for compensation for the inconvenience of having to bring their complaint to us. We don’t have the power to review the complaints handling process, only to award distress and inconvenience for any impact caused by declining the claim itself, and I’m not aware of any here. By awarding the interest on the payments, I am aiming to put Mr R and Mrs R back in the position they would have been in if the claim had been paid from the outset.

Putting things right

In order to put things right, I think Chubb should:

- Pay Mr R and Mrs R’s claim for travel cancellation subject to any remaining terms and conditions of the policy.

- Pay 8% simple interest on any payments made from the date the claim was declined, until the date of settlement.

My final decision

My decision is that I'm upholding Mr R and Mrs R's complaint about Chubb European Group SE and asking them to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R and Mr R to accept or reject my decision before 28 April 2025.

Joanne Ward
Ombudsman