

The complaint

Mr C is unhappy that American International Group UK Limited declined his travel insurance claim.

What happened

Mr C has an annual multi-trip travel insurance policy alongside his current account and AIG is the underwriter.

Mr C booked a trip to depart on 27 June 2024 and return on 6 July 2024. The return flight on 6 July 2024 was cancelled. Mr C and his family had to stay a further three nights at the destination. He incurred costs to book another flight and extra accommodation. The airline reimbursed Mr C for the accommodation.

On 10 July 2024, Mr C submitted a claim for the disruption in travel. It declined the claim as there was no cover for what happened.

Unhappy, Mr C brought his complaint to this service. Our investigator didn't uphold the complaint. He didn't think the claim had been declined unfairly by AIG.

Mr C disagreed and asked for the complaint to be referred to an ombudsman. So, it's been passed to me.

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.

The insurance industry regulator, the Financial Conduct Authority ('FCA'), has set out rules and guidance for insurers in the 'Insurance: Conduct of Business Sourcebook' ('ICOBS'). ICOBS says that insurers should act honestly, fairly and professionally in accordance with the best interests of their customers, and that they should handle claims promptly and fairly. I've taken these rules into account when looking at this complaint.

I've started by looking at the terms and conditions of Mr C's policy as this forms the basis of the insurance contract between the two parties.

The relevant section that applies here is on page 25:

'Travel delay or flight cancellations

We'll pay claims if your travel is delayed for over 12 hours if there's industrial action, bad weather or if the public transport you were travelling on breaks down.

We'll pay £20 per person for the first 12 hours you're delayed, and then £10 for each 12-hour delay. We'll pay up to £300 in total — as long as you still go on your trip.

If you're delayed by more than 24 hours on the outward leg of the journey, you can

choose to cancel your trip. If you do, we'll pay up to £5,000 to cover any costs you can't get back. This includes the costs of travel, accommodation, activities, visas, or any prepaid event tickets.

You can check our activities list on pages 46 47 to see what activities we cover.

Please be aware that well only cover you for flight delays or cancellations if you can't get your money back (or any other compensation) from the airline. Flights that are delayed by more than five hours should be refunded' Please check with your airline first to see how much they'll pay you.'

It's clear that the claim is paid for the reasons listed above which are: industrial action, bad weather or if the public transport the policyholder is travelling on breaks down. Based on Mr C's evidence that he's provided, the reason for the flight cancellation was due to Air Traffic Control (ATC) restrictions. This isn't listed as one of the reasons where a claim is paid. So, I'm not persuaded that AIG declined Mr C's claim unfairly.

Mr C repeatedly said the terms and conditions state that AIG would settle claims if the airline has refused compensation. However, I'm afraid I don't agree. He's taken this one extract from the relevant term and not taken into context the remaining parts of the section that must also apply. Mr C has to show that there must have been industrial action, bad weather or break down of the public transport he was travelling on. He hasn't shown these were the reasons for the flight cancellation. He's only shown that the delay was due to ATC restrictions. This isn't a reason that's covered under his policy. It's not a given that all insurance policies cover every eventuality.

From the information available, my understanding is that Mr C and his family stayed a further three nights at their destination due to the flight cancellation. There's also no information about why they weren't offered an alternative return flight sooner than this.

I fully appreciate Mr C's strength of feeling on this matter. However, in the circumstances of this complaint, I'm satisfied AIG has declined Mr C's claim fairly and in line with the terms and conditions of his policy. It follows therefore that I don't require AIG to do anything further.

My final decision

For the reasons given above, my final decision is that I don't uphold Mr C's complaint about AMERICAN INTERNATIONAL GROUP UK LIMITED.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 22 July 2025.

Nimisha Radia
Ombudsman