

The complaint

Mr and Mrs C are unhappy that U K Insurance Limited (UKI) declined their travel insurance claim. They're also unhappy with how UKI has handled their claim.

What happened

Mr and Mrs C have travel insurance alongside their bank current account. UKI is the underwriter of the policy.

Mr and Mrs C had to cancel a trip they'd booked. This was because their grandchildren's mother (their son's partner) was taken ill, and Mr and Mrs C had to take care of grandchildren.

They submitted a claim to UKI. It declined the claim as there was no cover on the policy for what happened. Mr and Mrs C made a complaint to UKI. It maintained its position to decline the claim and offered £200 compensation for the confusion in its communication to Mr C.

Unhappy, Mr and Mrs C brought the complaint to this service. Our investigator didn't uphold the complaint. She didn't think the claim had been unfairly declined. She also thought £200 compensation was fair and reasonable.

They disagreed and asked for the complaint to be referred to an ombudsman. So, it's been passed to me to make a decision.

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 started by looking at the terms and conditions of the policy as this forms the basis of the contract between Mr and Mrs C and UKI.

Page 19 of the policy document sets out when cover will be provided on the policy. And that cover would only be provided if the cancelled trip was for one of the following reasons:

'1. Death, illness or injury: the death, serious injury or illness of any insured person, your travelling companion, a close relative, a colleague or anyone outside your home area that you had planned to stay with.

2. Court cases and quarantine: any insured person, your travelling companion or anyone outside your home area that you had planned to stay with is quarantined,

called for jury service or as a witness in a court and a court official has refused to postpone it.

3. Unemployment: any insured person or your travelling companion is made redundant, or have a self-employed contract terminated early by the other party after you opened your current account, or booked your trip, whichever is later.

4. Armed forces and emergency services: as a member of the British Armed Forces or Emergency Services any insured person or travelling companion has authorised leave cancelled due to an unexpected emergency.

5. Fire, storm, flood or burglary: any insured person or your travelling companion has to stay at their home or their place of business in the UK as a result of it being seriously damaged by fire, storm, flood or burglary in the seven days before departure on your trip.

6. Pet emergency: your pet cat or dog needs emergency life-saving treatment in the seven days before departure on your trip.

7. Passport or visa: your passport or visa is stolen in the seven days before your departure on your trip and you can't arrange a replacement in time.

8. FCO travel advice 'All travel': Foreign & Commonwealth Office advise against 'All travel' to your destination. The advice must have come into force after you opened your current account, or booked your trip whichever is later.

9. FCO travel advice 'All but essential travel': in the 28 days before your trip start date the Foreign & Commonwealth Office advise against 'All but essential travel' to your destination. The advice must have come into force after you opened your current account, or booked your trip whichever is later.

10. Natural disaster: you are unable to use your pre-booked and pre-paid accommodation due to the immediately surrounding area being badly affected by a natural disaster.

11. Vehicle accident or breakdown: your vehicle is involved in an accident or breaks down in the seven days before your trip and can't be repaired in time.

12. Pregnancy: any insured person or your travelling companion becomes aware that they are pregnant and are advised by a doctor not to travel as a direct result, or your transport operator confirms they would be travelling outside the conditions of carriage. The pregnancy must have been confirmed after you opened your current account, or booked your trip, whichever is later.

13. Vaccinations: any insured person or your travelling companion is advised by a doctor not to travel as they can't have the recommended vaccinations for the trip destination due to a medical condition. The medical condition must have been diagnosed after you opened your current account, or booked your trip, whichever is later.'

Mr and Mrs C had to cancel their trip because they had to look after their grandchildren.

UKI has listed the reasons it would provide cover for cancellation. But the reason for Mr and Mrs C's cancellation isn't one that's listed here. So, there is no cover for what happened in their situation. Not all insurers cover every eventuality. Whilst I don't doubt that

there was little option in their circumstances but to cancel their trip, this doesn't mean that UKI must pay the claim. I'm satisfied that UKI declined Mr and Mrs C's complaint fairly.

There's also a dispute about the service UKI provided in the handling of the claim. I note that UKI offered £200 compensation, accepted and apologised for the poor communication.

I've listened to the call recordings provided. I agree there was some miscommunication about who was dealing with the claim and technical words used such ex-gratia. Mr and Mrs C said the case handler was unprofessional in saying that the claims decision wouldn't be changed if the matter wasn't escalated. But I don't think this was deliberate or intentional. Whilst I understand that communication could have been clearer and UKI could have provided a better explanation of the claims process, I think all of this has been taken into account when UKI offered £200 compensation. I think this amount is fair and reasonable for the distress and inconvenience caused.

I realise that Mr and Mrs C think £200 is an insufficient amount. However, it is not our role to punish the business. Awards of compensation are primarily to reflect the impact on the consumer. I have a great deal of sympathy for the situation they've found themselves in. And I can understand why they believe they should receive a more significant amount for the trouble and upset they have incurred. However, as an alternative dispute resolution service, our awards are lower than they might expect and probably less than a court might award.

Having thought very carefully about what Mr and Mrs C have said, I consider that £200 is fair and reasonable compensation for the trouble and upset caused.

Overall, I'm sorry to disappoint Mr and Mrs C. I'm not persuaded the claim was unfairly declined and I think £200 compensation is fair and reasonable in the circumstances of this complaint. It follows that I don't require UKI to do anything further.

My final decision

For the reasons given above, I don't uphold Mr and Mrs C's complaint about U K Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs C to accept or reject my decision before 11 June 2025.

Nimisha Radia
Ombudsman