

## **The complaint**

Mr M and Mrs M complain that Admiral Insurance (Gibraltar) Limited declined their travel insurance policy claim, mis-sold the policy to them and failed to respond to their complaint. My references to Admiral include its agents.

## **What happened**

Mr M and Mrs M bought an annual multi trip travel insurance online, insured by Admiral. They were on a package holiday abroad for a special occasion when a hurricane hit their resort. The Government of the destination country declared a national state of emergency. The hurricane meant Mr M and Mrs M had to stay in their hotel room at the resort for some of their holiday.

Mr M and Mrs M claimed on their travel insurance for £1,863. They said they'd prepaid for the all-inclusive resort but due to the hurricane they hadn't been able to use the dining experiences, entertainment and activities for a significant part of the holiday. The amount claimed was proportionate to the time they couldn't use the resort's full facilities.

Admiral declined the claim. Initially it said there was no policy cover for loss of the partial use of the resort's amenities/facilities.

Mr M and Mrs M complained to Admiral about its claim decision but it didn't respond so they complained to us. In summary they said:

- The policy didn't say there's no cover for loss of the partial use of the amenities/facilities, the reason Admiral gave to decline the claim.
- If Admiral could decline the claim on that basis the policy has been mis-sold as it was unsuitable for package holidays.
- Admiral's decision and poor handling of their claim and complaint caused them stress and financial loss.
- They want Admiral to pay their claim plus £1,000 compensation for their distress and the inconvenience it had caused and their time taken up by the claim and complaint.

While Mr M and Mrs M's complaint was with us Admiral offered £150 compensation for their distress and inconvenience due to it not responding to their complaint. Admiral said the claim wasn't covered by the 'Catastrophe' section of the policy and it didn't accept it had mis-sold the policy. Mr M and Mrs M didn't accept Admiral's offer.

Our Investigator considered Admiral had fairly declined the claim. He suggested Mr M and Mrs M may want to contact their travel provider about compensation from it for the loss of use of amenities under the Package Travel and Linked Travel Arrangements Regulations 2018. He said Admiral hadn't mis-sold the travel insurance. He also considered Admiral's handling of Mr M and Mrs M's complaint wasn't a regulated activity under the Financial Conduct Authority (FCA) rules so we couldn't consider that matter.

Mr M and Mrs M didn't agree and wanted an Ombudsman's decision. In summary they added:

- They hadn't received the £150 compensation Admiral offered.
- When Admiral initially declined the claim it hadn't referred to any policy wording.
- Their claim was covered under the policy wording in the 'Catastrophe' section of the policy - *"not being able to reach your pre-booked accommodation..."* They considered that wording should reasonably relate to a significant portion of the accommodation. They said the resort's facilities were an integral part of the package holiday and were a significant part of the accommodation advertised and paid for. So the bedroom they were confined to was a very small part of the accommodation which meant they weren't able to reach their pre-booked accommodation in sufficient capacity to be meaningful.
- Our Investigator said their trip hadn't been 'cut short'. 'Cut short' isn't defined in the policy so there's no restriction that prevents a holiday from being restarted should circumstances change, as in their case. They considered their claim would also be covered as *"Costs of unused accommodation, excursions and activities"* under the 'Cancelling or cutting short your trip' section of the policy.
- If the policy had terms not compatible with package holidays the policy should make that clear. Instead the 'Cancelling or cutting short your trip' section of the policy refers to cover for package holidays which suggests the policy is suitable for package holidays.

As no agreement had been reached the complaint was passed to me to make a decision.

### **What I provisionally decided – and why**

I made a provisional decision explaining why I was intending to partly uphold the complaint. I said:

'I've considered all the points Mr M and Mrs M have made. I won't address all of their points in my findings, nor am I obliged to. I'll focus on the reasons why I've made my decision and the key points which I think are relevant to the outcome of this complaint. In making my decision I've taken into account the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and good industry practice at the relevant time.

The FCA rules say that insurers must handle claims promptly and fairly and they mustn't turn down claims unreasonably.

For Mr M and Mrs M's claim to be covered by the policy the claim needs to be due to one of the insured events in the policy terms. Mr M and Mrs M have provided notices of updates from the holiday resort around the time of the hurricane which detail what they needed to do and restaurant and bar opening times. The updates are at 3pm 30 June 2024 then 10pm the same date when Mr M and Mrs M were told to return to their room by 12am and not to leave their room during storm conditions. The update on 1 July 2024 is after the storm had passed. Mr M and Mrs M were on holiday for 10 days and the proportion of costs they claimed is for three days of the overall cost of the holiday.

It's clear from what Mr M and Mrs M have told us that the resort had high quality facilities which they weren't able to use fully due to the hurricane. They didn't have the special holiday they were expecting which must have been disappointing and upsetting. But I have to decide whether Admiral reasonably declined the claim.

Admiral assessed the claim under the 'Catastrophe' section of the policy which says:

*"1. What is covered*

*We will pay up to the policy limits shown in the policy schedule if, during your trip, your accommodation or the immediate area is affected by a catastrophe which results in you...*

- not being able to reach your pre-booked accommodation; ...*

*We will pay the following ...*

- Non-refundable costs you have paid, or legally obliged to pay, for your pre-booked and prepaid accommodation if you have not been able to use it...*

*2. What is not covered*

*We will not pay any claim:*

- if the local or national authorities have confirmed it is safe to travel to or stay at your destination; or*
- resulting from you not enjoying your trip or not wanting to travel".*

The policy definition of catastrophe includes a hurricane.

I'm satisfied that Admiral correctly considered that Mr M and Mrs M's circumstances weren't covered by the policy terms under the 'Catastrophe' section of the policy. Mr M and Mrs M had reached the resort so they had been able to reach their pre-booked accommodation.

I've also considered what's fair and reasonable in all the circumstances. I don't think Mr M and Mrs M's suggestion that they being confined to their room for a period in a large resort means they didn't reach the pre-booked accommodation. They had reached the resort when the hurricane affected their holiday. The policy terms specifically exclude any claim where the local or national authorities confirmed it is safe to stay at the destination. The updates from the resort show it was considered safe for them to stay at the destination.

Mr M and Mrs M believe their claim is covered by the following policy wording in the 'Cancelling or cutting short your trip' section of the policy:

*"1. What is covered*

*We will pay up to the policy limits shown in the policy schedule for your share of the costs which you have paid...at the time you cut your trip short... and which you cannot recover. Those costs include the following...*

- Costs of unused accommodation, excursions and activities".*

The policy doesn't define 'cut short' but cutting short a holiday generally means that a consumer ended their holiday earlier than planned and returned home. Mr M and Mrs M didn't cut short their holiday as they didn't return home early. So the claim isn't covered under the 'Cancelling or cutting short your trip' section of the policy.

I've thought about whether it would be fair and reasonable for Admiral to consider the claim on the basis that Mr M and Mrs M's trip was effectively curtailed. But even if I did think the trip had been effectively curtailed it needs to be for one of the insured "*Reasons for cancelling or cutting short your trip*". Mr M and Mrs M's claim circumstances aren't listed as an insured event under the 'Cancelling or cutting short your trip' policy section. So I can't reasonably say Admiral should pay a claim for unused costs on a fair and reasonable basis, outside of a strict interpretation of the policy terms and conditions, in Mr M and Mrs M's circumstances.

Overall I'm satisfied that Admiral reasonably declined the claim.

I've considered Mr M and Mrs M's suggestion that the policy was mis-sold. I don't agree. They took out the policy themselves online through Admiral's agent on a non-advised basis, which means Admiral didn't advise or recommend that Mr M and Mrs M buy the policy.

Under the industry rules, firms have to give consumers timely and clear information so they can make informed decisions on whether the policy meets their needs. I'm satisfied Admiral provided Mr M and Mrs M with the relevant policy information about the cover provided.

The policy wasn't mis-sold just because it didn't cover the circumstances of Mr M and Mrs M's claim. Travel insurance policies don't cover every situation a consumer may find themselves in. It's for the insurer to decide what risks it's willing to cover and set those out in the terms and conditions of the policy. An insurer is reasonably entitled to decide it only wants to cover certain circumstances so long as the policy terms and conditions are clear about that, as they are in this policy.

Admiral didn't decline the claim because Mr M and Mrs M had a package holiday. The policy does cover package holidays, subject to the policy terms. Admiral declined the claim because the circumstances of the claim weren't an insured event under the policy terms. Mr M and Mrs M are concerned that Admiral told them the claim wasn't covered because the policy didn't cover loss of the partial use of the resort's amenities/facilities, whereas the policy doesn't state that exclusion. But the policy doesn't need to list all the circumstances that are excluded. The starting point for cover under the policy is that Mr M and Mrs M's claim needs to be due to one of the insured events detailed in the policy, and that's not what happened.

Our Investigator explained that the FCA rules say, in brief, that we don't have the regulatory power to look at a complaint solely about complaint handling. But under those rules, where the actions being complained about are about the underlying financial service or the manner in which the firm has administered its business in relation to that financial service I can consider the complaint. I think Mr M and Mrs M's dissatisfaction about Admiral not responding to their complaint about its decision on their travel insurance claim falls into that category.

Mr M and Mrs M complained to Admiral in August 2024 and it didn't respond until January 2025, so well outside the eight weeks in which it should have responded under the FCA rules. Admiral accepts it failed to respond to the complaint in a reasonable time and offered Mr M and Mrs M £150 for their distress and inconvenience. I think that's a reasonable amount. I appreciate that Mr M and Mrs M have taken time in making the complaint but I think that even if Admiral had responded within the eight weeks Mr M and Mrs M would still have complained to us as they didn't agree with Admiral's decision not to pay the claim. Also Mr M and Mrs M weren't disadvantaged by Admiral's delay as they complained to us. I don't generally say that a business needs to compensate a consumer for the time they spend in making a complaint and there are no reasons for me to do so in this case.

Admiral's final response letter making the offer came after Mr M and Mrs M had complained to us, so I'm upholding their complaint in part. Admiral's letter said it would send Mr M and Mrs M a cheque for £150 compensation but they say they didn't receive the cheque. On that basis I require Admiral to pay Mr M and Mrs M £150 compensation in total for their distress and inconvenience its poor service caused.

Mr M and Mrs M may want to contact their travel provider about compensation as it does have various duties to them under the Package Travel and Linked Travel Arrangements Regulations 2018'.

### **Responses to my provisional decision**

Admiral didn't respond to my provisional decision. Mr M and Mrs M gave comments, in summary they said:

- I'd said in my provisional decision they were concerned that Admiral told them the claim wasn't covered because the policy didn't cover loss of the partial use of the resort's amenities/facilities. They wanted to clarify, this wasn't their 'concern' but the actual reason Admiral originally gave to decline their claim.
- They would like an increase in the compensation award because:
  - (a) If the original reason for Admiral's decline of the claim was wrong it was reasonable for them to make a complaint to this Service. If Admiral had given a correct reason for declining their claim, either initially or in response to their complaint to it within the correct timescale, then their decision to complain to this Service may have been different. So Admiral's delay and poor claim handling was the cause of the time they'd spent on the matter after the original claim and they want more compensation to reflect this, and
  - (b) Admiral sent the first £150 compensation cheque to the wrong address so again they wasted time sorting that out due to Admiral's administration error. They've now received the £150 compensation cheque.
- They understood that staying in their hotel room was the safest course of action available at short notice because the situation rapidly developed, rather than being inherently safe. People died on the island they were staying at and millions of pounds of damage was caused due to the hurricane. The Met Office notes say 'Evacuation Probable' for a category 4 hurricane and 'Evacuation of up to 10 miles inland' for a category 5 hurricane, which wasn't possible on their small island.
- I'd said in the provisional decision that Admiral need not list policy exclusions. They thought that suggested an insurer could create exclusions after a claim, even if those exclusions contradicted inclusions. They queried whether that meant an insurer could create an exclusion to decline most claims.
- They want Admiral to tell them how a policy can be clarified in writing before or after taking out the policy. They're trying to find out if the situation they were in was an uninsurable risk with Admiral or if they had chosen the wrong policy.

### **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've carefully considered Mr M and Mrs M's response to my provisional decision and reconsidered all the evidence. I'll explain why their response hasn't changed my mind about what's a fair and reasonable outcome.

I understand, and set out in the background above, that Admiral initially said it declined the claim as there was no policy cover for loss of the partial use of the resort's amenities/facilities.

I'm not persuaded that Mr M and Mrs M wouldn't have complained to Admiral and this Service if Admiral had told them there was no cover for their claim under the 'Catastrophe' section of the policy before they complained. When Admiral said there was no cover under that section, which was after Mr M and Mrs M had complained to us and before our Investigator gave his view on the complaint, Mr M and Mrs M still pursued their complaint as they disagreed that the claim wasn't covered under the 'Catastrophe' section of the policy.

I note Admiral sent the original £150 compensation cheque to the wrong address. That must have been frustrating for Mr M and Mrs M but not to the extent that I'd increase the compensation Admiral should pay for its poor service.

I note what Mr M and Mrs M say about having to stay in their hotel being the safest course of action at short notice. One of the hotel's notices says they were expecting a category 4 hurricane, and it may be that in a different location or with more notice Mr M and Mrs M would have been evacuated. But I can only look at the circumstances as they were, and on the evidence I have the hotel did consider it safe for them to stay at the destination.

My comment in the provisional decision that *'the policy doesn't need to list all the circumstances that are excluded'* should be read in the context of the paragraph where it sits. As I've said in the provisional decision, the starting point for cover under the policy is that Mr M and Mrs M's claim needs to be due to one of the insured events detailed in the policy. If the claim was due to one of the insured events (and Mr M and Mrs M's claim wasn't) then an insurer would look to see if a policy exclusion applies. Generally we're unlikely to say that it would be reasonable for an insurer to decline a claim that was due to an evidenced insured event and no policy exclusion applied.

I suggest that Mr M and Mrs M contact Admiral's customer services team with their query about clarification of the policy. It's fair for me to tell them they're unlikely to find a policy that covers them for every situation they find themselves in. But not all travel insurance policies have the same wording and not all travel insurance policies insure the same risks.

Overall I'm satisfied for the reasons I've given in my provisional findings and these findings that Admiral's decline of the claim and its offer to pay Mr M and Mrs M £150 compensation for their distress and inconvenience its poor service caused is a fair and reasonable outcome. I note Admiral has now paid the compensation to Mr M and Mrs M.

### **My final decision**

I uphold this complaint. Admiral Insurance (Gibraltar) Limited must pay Mr M and Mrs M £150 compensation for their distress and inconvenience its poor service caused, and it's now done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 10 July 2025.

Nicola Sisk  
**Ombudsman**