

The complaint

Miss C and Mr M complain that AWP P&C S.A. has turned down a cancellation claim they made on a travel insurance policy.

What happened

In August 2023, Miss C and Mr M booked a holiday abroad. They were due to travel to a country I'll call T on 27 January 2024.

On 21 January 2024, Miss C and Mr M took out a travel insurance policy which was underwritten by AWP. However, on 23 January 2024, Miss C learned she was pregnant. And due to the risks of Zika virus in T at the time, Miss C's GP advised her against travelling. So Miss C and Mr M cancelled their holiday and made a cancellation claim on the policy.

AWP turned down Miss C and Mr M's claim. That's because it said the policy terms excluded claims for normal, complication-free pregnancies, except in explicit situations. In this case, it said Miss C's pregnancy was complication-free. And it didn't agree that cancellation claims due to concerns about the Zika virus were something the policy covered.

However, AWP accepted that it hadn't handled the claim as well as it should have done and so it paid Miss C and Mr M £500 compensation.

Miss C and Mr M were unhappy with AWP's decision and they asked us to look into their complaint. In brief, they felt the policy terms were unclear and ambiguous.

Our investigator recommended that Miss C and Mr M's complaint should be upheld. She noted that the policy terms covered cancellation if a policyholder found out they were pregnant after the policy was purchased or the trip was booked and if they were advised not to travel by a doctor. As Miss C had been advised not to travel by her GP, the investigator thought the claim was covered by the contract.

The investigator also noted that the policy didn't provide full cover if a policyholder travelled against medical advice. So she thought Miss C had been placed in a situation where she wasn't covered if she travelled, but she wasn't covered if she cancelled the trip either. The investigator didn't think this was fair or reasonable. So she recommended that AWP pay Miss C and Mr M's claim, together with interest.

AWP disagreed. In brief, it maintained that the claim wasn't covered by the policy terms. And it referred to other decisions made by this service which it felt supported its position.

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 don't think AWP has treated Miss C and Mr M fairly and I'll explain why.

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, the policy terms and the available medical evidence, to decide whether I think AWP treated Miss C and Mr M fairly.

I've first considered the policy terms and conditions, as these form the basis of the contract between Miss C, Mr M and AWP. Miss C and Mr M cancelled their trip and so I think it was appropriate for AWP to consider the claim in line with the Trip Cancellation section of the policy, set out on pages 15 and 16. This says:

'If your trip is cancelled or rescheduled for a covered reason listed below, we will reimburse you for your non-refundable trip payments, deposits, cancellation fees and change fees (less any available refunds, applicable excess and additional screening excess), up to the maximum benefit for 'Trip cancellation' shown in the 'Cover summary'...

'Covered reasons:

...

- *You, find out you are pregnant after purchasing this policy or booking your trip (whichever is later) and you are:*

- a. advised not to travel by a doctor; or*

- b. will be over 35 weeks' pregnant at the end of your trip (or 31 weeks for a multiple pregnancy).'*

Page 29 of the contract sets out the 'General Exclusions' which apply to all claims. This list includes the following:

'Normal, complication-free pregnancy or childbirth, except when normal, complication-free pregnancy or childbirth is expressly referenced in and covered under the 'Trip cancellation' section.' (My emphasis added).

I think the cancellation section of the policy clearly indicates that AWP will cover the cancellation of a trip if a policyholder a) finds out they're pregnant after the trip was booked/the policy was taken out and b) they're advised not to travel by a doctor or will be over 35 weeks pregnant at the end of the trip.

In this case, the medical certificate from the GP states that Miss C's pregnancy was diagnosed on 24 January 2024, although I note Miss C and Mr M say they found out about the pregnancy on 23 January 2024. In either case though, it's clear the trip was booked around four months before Miss C learned of her pregnancy. And the policy was taken out on 21 January 2024, which again, is before Miss C learned she was pregnant. AWP hasn't suggested that Miss C and Mr M knew about the pregnancy before the policy was taken out.

Miss C's GP wrote a letter dated 25 January 2024, which stated that *'(Miss C) has had discussion [sic] with one of the GPs at the surgery and was advised to avoid travel as with the risk of Zika virus in T, it would be against medical advice to travel while pregnant.'* I'm satisfied therefore that Miss C was advised not to travel by a doctor.

As such, I think the evidence shows this claim is specifically covered by the cancellation section of the contract. The cancellation section of this policy doesn't require the cancellation to be due to a complication of pregnancy, although I accept many other travel insurers only cover cancellation due to specified complications of pregnancy. It was open to AWP to

clearly limit cancellation cover to pregnancy complications if it had wished to do so. And I don't think the general exclusion applies to the circumstances of this claim either, because I think Miss C's pregnancy is expressly referenced and covered under the cancellation section of the policy.

Therefore, I think it was unfair and unreasonable for AWP to turn down this claim because I'm satisfied the circumstances of it are covered by the contract terms.

In any event, I note that the policy doesn't provide medical cover if a policyholder travels against medical advice. This means that if Miss C had opted to travel despite being advised against doing so by a qualified medical professional, she wouldn't have been covered under the medical emergency section of the policy. So it seems she wouldn't have been entitled to full cover if she'd travelled and AWP considers that she wasn't covered for cancellation either. In my view, this wasn't a reasonable or fair position to Miss C to be placed in. And therefore, even if I didn't think the claim was otherwise covered, I'd have directed AWP to pay the claim outside of the policy terms on a fair and reasonable basis.

AWP accepts it didn't handle Miss C and Mr M's claim as well as it should have done. It made errors in communications with Miss C and Mr M and it seems there were some delays in the overall progression of the claim. I don't doubt this caused Miss C and Mr M unnecessary frustration and upset at an already anxious time for them. AWP has already paid Miss C and Mr M £500 compensation for its service failings. I think this was a fair, reasonable and proportionate award of compensation.

Overall, while I appreciate AWP has referred to decisions other ombudsman colleagues have made to support its position, each complaint is considered on its own specific merits and facts. Taking into account the specific circumstances of this complaint, I don't think AWP handled Miss C and Mr M's claim fairly or reasonably, or in line with the policy terms. So it follows that I'm now directing AWP to settle this claim.

Putting things right

I direct AWP P&C S.A. to:

- Settle Miss C and Mr M's claim in line with the remaining terms and conditions of the policy and any applicable limits; 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 AWP considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss C and Mr M how much it's taken off. It should also give Miss C and Mr M 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 uphold this complaint and I direct AWP P&C S.A. to put things right as I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C and Mr M to accept or reject my decision before 7 July 2025 .

Lisa Barham
Ombudsman