

The complaint

Mr S, Mr S and Mrs S complain because AWP P&C S.A. ('AWP') hasn't paid a cancellation claim under their travel insurance policy.

All references to AWP include the agents appointed to handle claims on its behalf.

This complaint has been brought to us by Mrs S on behalf of all the policyholders, so I'll refer only to her for ease.

What happened

Mrs S was insured under a travel insurance policy provided by AWP. She was due to travel abroad with her family, including her father who wasn't insured under this policy.

Unfortunately, Mrs S's father was diagnosed with a knee condition which left him immobile and unable to travel, so the holiday was cancelled, and Mrs S made a claim under her policy with AWP.

AWP said the claim wasn't covered because of a policy exclusion relating to medical conditions of persons who weren't insured. Unhappy, Mrs S complained to AWP before bringing the matter to the attention of our Service.

One of our Investigators looked into what had happened and said she didn't think AWP had acted unfairly or unreasonably in the circumstances by declining Mrs S's claim. However, she said she thought AWP should pay Mrs S £200 compensation for its delays. AWP accepted our Investigator's opinion, but Mrs S didn't, so the complaint has now been referred to me to make a decision as the final stage in our process.

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.

Industry rules set out by the regulator say insurers must handle claims promptly and fairly, shouldn't unreasonably reject a claim and should provide a policyholder with appropriate information on the progress of a claim. I've taken these rules, as well as Consumer Duty principles, into account when making this final decision.

Insurance policies don't cover every situation. An insurer is reasonably entitled to use its own commercial judgment to decide the level of risk which it is willing to accept in return for the payment of a premium. This policy, like most – if not all – travel insurance policies on the market, contains a policy exclusion relating to certain medical conditions of people who aren't insured under the policy. This is because travel insurers don't generally wish to, and are under no obligation to, provide unlimited coverage for what could be a very wide and uncertain risk relating to the medical history of those who aren't insured.

The terms and conditions of Mrs S's policy say:

'Exclusions relating to the health of someone not insured on this policy, but whose health may affect your decision whether to take or continue with your trip.

You will not be covered for any directly or indirectly related claims ... arising from the health of a travelling companion ... or a family member if at the time your policy was issued you were aware:

- they have been receiving medical treatment or consultation at any medical facility for a medical condition in the last 12 months;*
- they have been awaiting medical treatment or consultation at any medical facility or have been under investigation for a medical condition*

...

Note: Indirectly Related Claims

An indirectly related claim means a medical problem that is more likely to happen because of another medical problem you already have. Sometimes these conditions can lead to other conditions. For example if you:

- suffer from asthma, chronic obstructive pulmonary disease or other lung disease, you are more likely to get a chest infection:*

...'

I'm satisfied this policy exclusion is clear, and I don't think it's unfair.

This policy was purchased in early May 2024. I understand Mrs S's father wasn't given a specific diagnosis for his knee condition until after that date. However, the medical certificate completed by Mrs S's father's GP says he first attended the surgery with knee pain and was referred for physiotherapy in April 2024, which was before the policy was purchased.

I've carefully thought about the letter from the GP dated September 2024 which states the April 2024 surgery attendance was assumed to be due to arthritis and general wear and tear, and the first time Mrs S's father thought there was something more serious wrong with his knee was after the policy was purchased. The GP has also said, in April 2024, Mrs S's father was fully mobile, and he didn't anticipate there being any other future complications, or any undiagnosed condition. So, I accept the earliest point Mrs S and her father could have known about the actual knee condition that was diagnosed was after the policy was purchased.

However, the policy excludes claims for any condition either directly or indirectly related to medical issues which Mrs S's father had a medical consultation for and/or was awaiting treatment for. The policy exclusion doesn't require the policyholder to be aware of the specific medical condition which was eventually diagnosed – it's enough that the policyholder was aware of medical consultations for any issues either directly or indirectly related to the condition which was ultimately claimed for. The fact that the eventually diagnosed condition couldn't reasonably have been anticipated doesn't automatically mean the claim is covered.

I'm satisfied, based on the medical evidence I've seen, that AWP was reasonably entitled to consider this claim as being related to the knee pain which Mrs S's father had a doctor's consultation and a physiotherapy referral for before the policy was purchased. This means Mrs S's claim isn't covered under the terms and conditions of her policy, and AWP hasn't acted unfairly or unreasonably by turning down the claim.

I understand Mrs S says her father had a cancellation claim paid under his own insurance policy but, when making this final decision, I can only consider the terms and conditions of the policy which Mrs S held, and I don't think her claim is covered.

I'm sorry to disappoint Mrs S. I know this won't be the answer she was hoping for, and I understand she has lost out financially. But I must make an independent and impartial decision which is fair and reasonable to both parties in the circumstances, and I don't think there are any grounds upon which I could reasonably direct AWP to depart from a strict interpretation of the policy terms and conditions in this case.

It's clear from AWP's claim notes that Mrs S was repeatedly contacting it to query the outcome of the claim. While AWP may not have explicitly promised Mrs S callbacks, I think it could have done more to keep her updated on the progress of the claim. I'm pleased to note AWP has now agreed to pay Mrs S £200 compensation for the distress and inconvenience she experienced, and I think this is fair and reasonable in the circumstances for the impact of the situation on Mrs S.

Putting things right

AWP P&C S.A. needs to put things right by paying Mr S, Mr S and Mrs S £200 compensation for the distress and inconvenience they experienced.

AWP P&C S.A. must pay the compensation within 28 days of the date on which we tell it Mr S, Mr S and Mrs S accept my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

My final decision

I'm upholding Mr S, Mr S and Mrs S's complaint in part and I direct AWP P&C S.A. to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S, Mr S and Mrs S to accept or reject my decision before 19 September 2025.

Leah Nagle
Ombudsman