

The complaint

Mr and Mrs B are unhappy that Aviva Insurance Limited has maintained its decision to decline the claim for unused accommodation costs under a travel insurance policy ('the policy').

What happened

Mr and Mrs B cancelled a holiday due to Mrs B injuring her arm. They made a claim under the policy. Aviva declined any claim for accommodation costs. It concluded the supporting documentary evidence didn't establish a legal requirement for Mr and Mrs B to pay the accommodation costs if they couldn't make the booking and at the point of claim those costs hadn't been paid.

Unhappy with that and other issues, Mr and Mrs B brought a complaint to the Financial Ombudsman Service. Ultimately, one of our investigators concluded that Aviva had fairly declined the claim for accommodation costs based on the available information. But if Mr and Mrs B could provide any other evidence to support the claim, they should forward to Aviva to reconsider whether the accommodation costs were covered. This was accepted by the parties.

Subsequently, Mr and Mrs B provided Aviva with an email they say is from the accommodation provider dated December 2024 which said:

We understand that your insurance company are refusing to pay your claim for our accommodation costs because we did not require payment. We did definitely required [sic] payment and this is shown in the invoice we sent to you upon your cancellation. Your cancellation was received by us only the week before you were due to leave, allowing us no time to obtain alternative tenants.

I'll refer to this as 'the follow up email'.

Aviva said the follow up email didn't change its position. It wasn't further evidence to show that the accommodation costs were uncoverable. Nor that it was a cost that they'd paid and legally had to pay.

Unhappy, Mr and Mrs B brought a further complaint to the Financial Ombudsman Service. Our investigator considered the follow up email and concluded that Aviva had acted fairly and reasonably by maintaining its decision about the accommodation costs.

Mr and Mrs B disagreed and raised further points in reply. These didn't change our investigator's mind, so this complaint has now been passed to me to consider everything afresh 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.

That includes all submissions made by Mr and Mrs B to the Financial Ombudsman Service. Whilst I've considered these in detail (along with all the other evidence) I won't be responding to each point made.

I hope Mr and Mrs B understand that no discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. The rules that govern the Financial Ombudsman Service allow me to do this as we are an informal dispute resolution service. If there's something I've not mentioned, it isn't because I've overlooked it. I haven't. I'm satisfied I don't need to comment on every point to fulfil my statutory remit.

I can see that Mr and Mrs B feel very strongly that Aviva has acted unfairly here. However, for reasons I'll go on to explain, I'm satisfied Aviva has acted fairly and reasonably.

So that everyone is clear, I'm only considering what's happened since Mr and Mrs B provided Aviva with the follow up email in support of the claim for accommodation costs. And when I refer to accommodation costs, I'm aware that the claim is only for Mrs B's share of the costs (under £1,000) as Mr B wasn't covered under the policy due to his age.

Aviva has a regulatory obligation to handle insurance claims fairly and reasonably and it mustn't unreasonably decline a claim.

Having considered the follow up email in light of the invoice referred to therein, I'm satisfied Aviva has fairly concluded that the follow up email doesn't change its position on the claim for accommodation costs.

The policy terms say (under the cancellation section) that Aviva will pay:

Unrecoverable costs that each insured person has paid or legally has to pay for their own unused personal travel and accommodation...

From what I've seen, Mr and Mrs B hadn't paid anything towards the accommodation when booking it and a deposit hadn't been paid at any time before cancelling their holiday.

Mr and Mrs B say there was a legal obligation on them to make payment as they'd entered into a verbal contract with the accommodation provider. However, I've seen nothing which persuades me that even if that was the case, it was a term of the contract that Mr and Mrs B had to pay for the accommodation costs, partly or in full, if they cancelled the accommodation at any point before their stay.

The follow up email says the accommodation provider required payment as Mr and Mrs B cancelled the week before they were due to arrive, allowing no time to obtain alternative tenants. However, based on what I've seen, I'm not persuaded that there was anything which created a legal obligation at time of booking meaning that Mr and Mrs B were legally obligated to pay the accommodation costs if they'd cancelled at any time before arriving.

In an email to our investigator dated 5 May 2025, Mr and Mrs B say:

The owners chose full payment as their remedy. In the absence of any specific terms and conditions in the verbal contract, especially as to cancellation, we had to consider if full payment were [sic] reasonable.

We attempted to get a reduction for unused services, but this was unsuccessful and given the lateness of our cancellation, we considered the demand from the owners to be fair.

So, whilst Mr and Mrs B may have considered full payment to be 'fair' or felt under a moral obligation to pay it, I'm satisfied that Aviva has fairly and reasonably relied on the policy terms to conclude that the accommodation costs hadn't been paid at the time of claim and that it hadn't been established that there was a legal obligation on Mr and Mrs B to pay them (in full, or at all) if they cancelled around a week before their stay.

I don't think Aviva was under any obligation to advise Mr and Mrs B whether to go ahead and pay the accommodation costs after the claim was initially declined. If Mr and Mrs B chose to do that, I don't think it would be fair and reasonable to hold Aviva responsible for this.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 27 October 2025.

David Curtis-Johnson
Ombudsman