

The complaint

Mr and Mrs H have complained that Liverpool Victoria Insurance Company Limited (LV) partly declined a claim they made on an annual travel insurance policy.

As it is Mr H leading on the complaint, for ease, I will mostly just be referring to him in this decision.

What happened

Mr and Mrs H had planned a trip abroad that was due to begin on 26 October 2024. Unfortunately, Mr H became seriously unwell and was unable to travel. He therefore cancelled the trip and made a claim on the policy for unrecoverable costs.

LV paid the claim in relation to travel costs. However, it declined to pay the claim for accommodation costs on the basis that there had been no financial loss.

Our investigator thought that LV had acted fairly and reasonably in declining the main part of the claim. Mr H disagrees and so the complaint has been passed to me for 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.

I've carefully considered the obligations placed on LV by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for LV to handle claims promptly and fairly, and to not unreasonably decline a claim.

Mr H owns a property abroad that he rents out via a few online rental platforms and also directly to returning guests. It was this property that he had planned to stay in for three months from 26 October 2024 to 15 January 2025. His claim included accommodation costs of £7,797.

A fundamental principle of insurance is that it provides cover for loss. So, the matter for me to decide is whether it was reasonable for LV to conclude that Mr H hadn't actually suffered any financial loss in relation to the accommodation.

Mr H has argued that he's paid the money to his business and therefore he has personally suffered a loss.

As is standard practice, LV asked Mr H for relevant information and documentation. I can see why LV would have concerns about the information that he then provided.

When first registering the claim, he was asked if he had paid the accommodation costs up front, to which he confirmed he had. This turned out not to be the case.

In terms of documentation, Mr H's position is that, as the owner of the property, he wouldn't have things like an invoice. Therefore, in providing them, he was simply responding to LV's requests. The problem is that, instead of explaining that upfront, he has provided documentation that could be seen as seeking to deliberately mislead.

So, he provided an invoice that was dated 1 August 2024, even though the metadata shows it was created on 2 October 2024.

When asked for evidence that no refund would be given, he provided a copy of an email dated 5 January 2025 that he sent to someone who appeared to be acting as a representative of the business, asking for assistance in confirming that he didn't get his money back. That person replies on 14 January 2025 saying that, as was explained at the time of booking, he could cancel free of charge up to one month before arrival but, as he cancelled on 10 October 2024, he was not entitled to a refund.

However, as it was Mr H who ran his own business, there wouldn't be a need to contact someone else about it. It also transpired that he hadn't actually paid towards the cost of the property at that point, so talk of not receiving a refund didn't apply. And, although the emails take the formal tone of a client-business relationship, it appears that it was his daughter he was corresponding with.

On 20 January 2025, LV asked Mr H for evidence that he had actually paid for the accommodation. He provided a copy of a bank statement showing a transaction of £7,797, also on 20 January 2025. This payment was made to his daughter, whom he says was looking after the business at the time due to his ill-health. When subsequently asked what happened to the money, he said his daughter had paid it back to him and that he would transfer it to his business account at the end of the financial year. Whilst appreciating what Mr H has said about paying late as a result of being unwell, it's unclear why the payment needed to go via his daughter, rather than directly into his business account, if he has one.

Due to its concerns, LV arranged a phone interview with Mr H. However, due to his response to certain questions, LV remained unconvinced about any financial loss. Its position is that he had no intention of paying a rental fee and that he only belatedly made payment in response to its request for proof of payment. On balance, based on the available evidence, I'm satisfied that this was a reasonable conclusion for LV to reach.

Mr H's argument is that the payment has gone to his business, so he has personally lost money. He hasn't provided any information about the status of his business, such as it being a limited company, or anything to show that he is unable to directly access funds that have been paid to the business. He told our investigator that the business is just in his name.

Therefore, as the owner of the business, he's in a position to act as he chooses. He hasn't provided any evidence of a contractual arrangement that obliges him to pay to rent his own property. Similarly, I've seen no evidence of why he couldn't award himself a refund. I appreciate he's said he has a 30-day cancellation policy, but there's no reason why he would need to apply that to himself, particularly as he didn't book the property via an online platform that might enforce such a clause, and also because he didn't actually transfer the payment until after his planned return date.

Whilst Mr H feels that any mention of his business is irrelevant, I consider that it was reasonable for LV to look at the inter-connectivity between him and his business and the likely flow of funds between them.

There's no dispute that Mr H was ill and unable to travel, which is why LV has settled the claim in relation to the travel costs. I've thought about everything that Mr H has said and

appreciate how strongly he feels about this matter. However, on balance, I'm unable to conclude that LV has done anything significantly wrong. I consider it was fair and reasonable for it to decline the claim for accommodation on the basis that there was no financial loss. It follows that I do not uphold the complaint.

My final decision

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 6 January 2026.

Carole Clark
Ombudsman