DRN-5784646

The complaint

Mr and Mrs H have complained that Hamiton Insurance Designated Activity Company declined a claim they made on their 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 and their children were due to go on a trip abroad in October 2024. However, they unfortunately had to cancel due to the death of his mother. Mr H therefore made a claim on the policy.

Hamilton declined the claim on the basis that the circumstances are not covered under the policy terms.

Our investigator thought that Hamilton had acted reasonably in declining the claim, in line with the policy terms and conditions. Mr H disagrees and therefore 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.

The complaint involves the actions of the claim administrators, acting on behalf of Hamilton. To be clear, when referring to Hamilton in this decision I am also referring to any other entities acting on its behalf.

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

Firstly, I'd like to say how very sorry I am for Mr H's loss. I do appreciate that having to make a claim, and then a complaint, at such a difficult time, will have been extremely stressful.

Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it's willing to cover and set these out in the terms and conditions of the policy document. The test then is whether the claim falls under one of the agreed areas of cover within the policy.

Looking at the policy terms, under the 'Cancellation' section, they state:

'What is covered:

1. *The unexpected and unforeseen serious illness, bodily injury or death of You, a*

Close Relative or any person with whom You have arranged to travel or stay with during the Trip.'

Therefore, it's clear that the death of a close relative would be covered in some circumstances. However, the terms go on to say:

'What is not covered:

9. any claim arising directly or indirectly from a Pre-Existing Medical Condition, affecting any Close Relative, travelling companion who is not insured under this policy or person with whom You intend to stay whilst on Your Trip.'

A pre-existing medical condition is defined as:

1. any past or current Medical Condition or dental condition that has given rise to symptoms or for which any form of treatment or prescribed medication, medical consultation, investigation or follow-up/check-up has been required or received during the two (2) years prior to the commencement of cover under this policy and/or prior to any Trip and:

   (……..)

During the claims process, Mr H confirmed to Hamilton that his mother had been receiving treatment for the condition she died from for the past seven years.

Insurers are entitled to make their own commercial decisions about what they will and will not cover. As long as this is plainly set out in the policy terms, it is not something that we would generally interfere with.

This is a clause that is common to most travel insurance policies and is not a significant term that I would expect Hamilton to particularly draw to his attention. Its obligation was to provide information that was clear, fair and not misleading.

Mr H says the policy wording is ambiguous and that the exclusion in 'what is not covered' can be interpreted as relating to a close relative that he is either travelling with or staying with on the trip. However, in that case, he would have to interpret the term for 'what is covered' in the same way. Regardless of that, I'm not persuaded by Mr H's argument that the clause is ambiguous. I consider that the policy terms are clear that the death of a close relative who isn't travelling is subject to the exclusion for pre-existing medical conditions.

I have enormous sympathy for Mr H's situation. Although his mother had a chronic medical condition, her health had been generally stable. However, that is not a relevant consideration here. The matter at hand is whether the circumstances are covered under the policy terms, and I'm sorry to say that they are not.

Having considered all the available evidence, I consider it was fair and reasonable for Hamilton to decline the claim. 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 Mr H and Mrs H to accept or reject my decision before 13 October 2025.

Carole Clark
Ombudsman