

## **The complaint**

A limited company, which I will refer to as P, complains about the decline by Hiscox Insurance Company Limited of its business interruption claim, made as a result of the COVID-19 pandemic.

## **What happened**

The following is intended only as a summary of the events leading to this point. Additionally, although other parties have been involved in the communications, I have just referred to P and Hiscox.

P operates as a photography business. This involves both attending events and also providing souvenirs. P held a commercial insurance policy, underwritten by Hiscox, that included cover for business interruption in certain circumstances. In 2020, P made a claim on the policy, saying that its business had been interrupted by the COVID-19 pandemic. Hiscox declined the claim, saying the terms of the policy did not respond in the circumstances. Correspondence continued for a year or so, without this position changing.

In 2024, P complained about the decision of Hiscox not to meet the claim, and ultimately brought its complaint to the Financial Ombudsman Service. P argued that the announcements by the Government had acted to impose restrictions on its ability to use its premises. It also argued that, even if the general statements by the Government did not have this effect, P operated in part as a shop – and so was required to close by the formal regulations introduced at that time. P further argued that its claim ought to be met under the clause in the policy providing cover in the event of a “non-damage denial of access”.

However, our Investigator did not think the complaint should be upheld. He thought the restrictions imposed by both the general announcements and the formal regulations were limited to certain businesses, and that P was not such a business. He was not persuaded that P operated as a shop. Our Investigator also did not think the other clause applied, as he considered the courts had been clear that the pandemic was not an “incident” as required by this clause. So, he thought Hiscox had acted fairly and reasonably by declining the claim.

P asked for a final decision, though it provided no reasons for why or how it disagreed with our Investigator’s opinion. As a result, the complaint has been passed to me.

## **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 am not upholding this complaint for the same reasons as our Investigator.

Firstly, I’ll just say that both parties have provided detailed submissions. But, whilst I have considered these in full, I have not commented on each point or argument made. Instead, I have focused on what I consider to be the key issues. This is not intended as a discourtesy, but rather reflects the informal nature of the Financial Ombudsman.

Secondly, I would like to express my sympathy for P. It seems to have been impacted by the COVID-19 pandemic and has suffered a loss through no fault of its own. However, it does not automatically follow that Hiscox should cover this loss. In order for the loss to be met, the circumstances of the claim need to be covered by the policy.

I've considered the policy in full, but have limited the discussion here to the two clauses P has focused on. For the sake of clarity though, I do not consider any of the other terms provide cover in the circumstances either.

The first term is the Public Authority clause, which provides cover where there is an:

“inability to use the insured premises due to restrictions imposed by a public authority during the period of insurance following:

...

b. an occurrence of any human infectious or human contagious disease, an outbreak of which must be notified to the local authority;...”

It isn't disputed that COVID-19 was a relevant disease, nor that there were occurrences of this. The issue is whether there was an inability to use the premises due to restrictions imposed by a public authority.

As P has said, the current case law indicates that a restriction imposed doesn't necessarily need to have the force of law behind it. And the Government's general announcements in March 2020 might act to impose a restriction.

However, the announcements directed certain businesses to close. These included businesses such as pubs, restaurants and other 'social' venues. And shops selling non-essential goods. These announcements match the legal restrictions that were also introduced around this time, which set out the requirements more formally and with more detail.

The work carried out at P's premises is seemingly limited to office and manufacturing work, as well as warehouse storage. Businesses such as offices and manufacturing businesses were not required to close however. And workers were allowed to travel to work where this was necessary.

P has argued that it operates as a shop, and has referred to several definitions in support of this. But I am not persuaded that P was open to the public for retail purposes, which is what I consider a reasonable person would consider this term to mean.

Ultimately, I am not persuaded that P was the type of business that was directed to close as a result of the announcements or regulations. It follows that Hiscox acted fairly and reasonably by concluding that there was no inability to use the premises as a result of such a restriction.

The second clause P has referred to provides cover where there is:

“an incident occurring during the period of insurance within a one mile radius of the insured premises which results in a denial of access or hindrance in access to the insured premises, imposed by any civil or statutory authority or by order of the government or any public authority, for more than 24 consecutive hours;”

As has been pointed out to P, the current case law is that the pandemic did not constitute an

incident. And P has not referred to any other incident that led to its closure, so I agree with our Investigator that Hiscox also acted fairly and reasonably by declining the claim on this basis.

Taking everything into account, whilst I appreciate it is not the outcome P or its directors were hoping for, I consider Hiscox acted appropriately, and in line with the terms of the policy, by declining P's claim. It follows that I cannot fairly and reasonably require Hiscox to do anything more in the circumstances of this complaint.

### **My final decision**

My final decision is that I do not uphold P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 10 October 2025.

Sam Thomas  
**Ombudsman**