

The complaint

Mr and Mrs E complained that Arch Insurance (UK) Limited (Arch) unfairly declined the claim they made under their travel insurance policy.

What happened

I issued a provisional decision on this matter earlier this month, part of which is copied below:

“Mr and Mrs E were due to fly from the UK in July 2024. Their flight was initially delayed by eight hours due to a global IT issue that was affecting airports and airlines around the world. When they boarded the plane, they were further delayed due to an issue with the baggage handling. And by this time it was too late to fly as the destination airport had restrictions on planes landing at night. The flight was rescheduled for the next day. Mr and Mrs E went home and then paid for a second package holiday departing the next day as it was important to them to have a full seven days abroad. They contacted Arch and claimed for the losses they’d incurred.

Arch declined the claim. They said the delay to Mr and Mrs E’s trip was due to the IT issue and that was not covered under their policy. They said they might be entitled to some compensation from their travel provider. Mr and Mrs E complained but Arch maintained their decision. They received a refund for some of the costs of the first package holiday from the travel provider. But they didn’t agree with Arch’s decision to decline their claim for the remaining costs. So, they approached this service.

Our investigator thought the complaint should be upheld. He noted the policy terms and he was satisfied the IT issue could be classed as being a technical fault of the aircraft, and therefore covered under Mr and Mrs E’s policy. The issue with the baggage handling would not have happened if there had not been a delay and so he thought the flight was cancelled as a consequence of the IT issue. He thought Arch should reconsider the claim in line with the remaining terms of the policy – deducting the amounts they received from the travel provider. And pay Mr and Mrs E £150 for the distress and inconvenience caused.

Arch disagreed and so the complaint has been referred to me to make a final decision.

What I’ve provisionally 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 terms of Mr and Mrs E’s policy say they are covered for travel delay and abandonment. But only under certain circumstances. The delay has to be more than 12 hours beyond the intended arrival time and as a result of:

- (a) strike or industrial action (provided that at the time of booking, there was no reasonable expectation that the trip may be affected by such cause);*

- (b) adverse weather conditions;
- (c) mechanical breakdown or technical fault of the aircraft, train or sea vessel.

Arch would then pay the benefit shown in Mr and Mrs E's summary of cover.

The terms also say that if the delay on the outward journey means the trip has to be re-scheduled to arrive at the destination more than 24 hours after the original arrival time, the policy holder may choose to abandon the trip instead of a payment for delay. Again this is covered up to the maximum shown on the summary of cover.

In this case, Mr and Mrs E's flight was cancelled and rescheduled for the next day, just under 24 hours after the original departure time. I assume it would have arrived less than 24 hours after the original arrival time too. I have no confirmation of that but, whatever the case, I don't think that has a bearing on the outcome. That's because the delay, even if it's more than 12 hours or 24 hours, has to be as a result of one of the issues set out above. And I don't think it was. Let me explain.

There were several causes for the delay and cancellation of Mr and Mrs E's flight. The IT issue, the problems with the baggage handling and then the restrictions on flying later in the day. Arch said none of these issues meet the terms of Mr and Mrs E's policy. So, the question for me is whether or not it was fair for Arch to decline their claim on this basis.

There are plenty of media reports about the global IT issue that started two days before their trip, which caused problems around the world. The issue was resolved fairly quickly but the impact continued and the travel operator themselves said their service that weekend was heavily impacted by the IT issue. So, I'm satisfied the initial eight hour delay to Mr and Mrs E's flight was caused by that global IT issue. This then had a knock on effect with consequential delays caused by the baggage handling issue which meant the flight had to be cancelled and rescheduled for the next day due to restrictions at the destination airport.

But for the IT issue to meet the terms of Mr and Mrs E's policy I would need to be satisfied that it constituted a mechanical breakdown or technical fault of the aircraft. And, on balance, I don't think there's enough evidence to show that was the case. Having considered the evidence available, including information from the travel operator, the airport in question and media reports, the IT issue seems to have mostly affected reservation and scheduling systems, as well as the check-in and boarding processes. I haven't seen anything to say that it affected the aircraft itself. And, even if it did, the evidence shows the issue was resolved quickly, within a day of it occurring. Rather it seems it was the operational problems following the IT glitch, and the need to reprogramme flights, that led to that delay. So, taking all of these factors together, I think it was fair for Arch to say Mr and Mrs E's claim didn't meet the terms of their policy.

For completeness, I've also looked to see if Mr and Mrs E's claim might succeed under any other part of their policy. But I don't think it would. When their flight was cancelled, Mr and Mrs E decided to abandon their package holiday and buy another one. They've explained why they did that and I respect their reasons for doing so. But while their policy does cover cancellation, it only applies when trips are cancelled before the policy holder leaves home and due to specific listed circumstances, such as injury or serious illness or being called for jury service. And I'm satisfied none of those circumstances apply here.

I'm sorry to hear about the problems Mr and Mrs E had while travelling abroad. But having carefully considered the circumstances of this particular complaint, I don't think Arch have acted unfairly.

My provisional decision

For the reasons stated above, I don't intend to uphold this complaint."

Responses to my provisional decision

Arch said they had nothing more to add. Mr and Mrs E sent us a further document from the travel operator which said the global IT issue severely affected their airline operation. Mr and Mrs E said that as the aircraft is part of the airline operations they wondered if this could be seen as a technical fault of the aircraft under their policy as it was unable to fly due to the circumstances at that time. They said the travel operator told them they'd be refunded for the total loss of the holiday at the time of cancellation. And they feel frustrated that no one is willing to take responsibility for the financial loss they've suffered despite them doing everything required before travelling.

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'm sorry Mr and Mrs E have lost out financially. And I can understand why they feel frustrated they can't get more of their travel costs refunded. But my role is solely to consider the actions of Arch and decide whether or not they acted fairly and reasonably in the given circumstances of this complaint. I can't comment on the actions of the travel operator, either in terms of what they said or did.

In my provisional decision I explained why I thought it was fair for Arch to say Mr and Mrs E's claim didn't meet the terms and conditions of their policy. That was because I didn't think, on balance, there was enough evidence to show that the IT issue constituted a mechanical breakdown or technical fault of the aircraft. I've considered the further information Mr and Mrs E have now provided but I don't think that causes me to change my decision. The message from the travel operator describes the problems caused by the IT outage, saying it took considerable time before they were able to get their flights back on track. But, again, it doesn't say anything about the actual aircraft being affected. So, I remain satisfied that Arch acted fairly and reasonably in declining Mr and Mrs E's claim.

My final decision

For the reasons stated above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E and Mrs E to accept or reject my decision before 15 October 2025.

Richard Walker
Ombudsman