

## The complaint

Mr H and Ms P complain about Society of Lloyd's settlement of their travel insurance claim.

My references to Lloyd's include its agents. As Mr H has led the claim and complaint I'll refer to Mr H unless the facts require otherwise.

## What happened

Mr H and Ms P and their two children have travel insurance through Mr H's employer, insured by Lloyd's. While on a trip in a named European country their bag was stolen which contained their passports and biometric residence permits (BRPs). They went to their relevant embassy in the country where they were holidaying. Mr H says the embassy wasn't able to print passports, it advised them against travelling directly to the UK without printed passports and they should only travel to a named country in South Asia on the hand-written emergency certificate/passport where they could get printed passports.

Mr H says he and his family went to the named country in South Asia where they got new passports and a one time entry replacement BRP visa from the UK and they travelled back to the UK. Mr H claimed on the policy for:

- The flights costs from the European country to the country in South Asia and from there to the UK.
- The lost flights and accommodation costs in the European country as they couldn't complete their trip there.
- The extra hotel stay at the European country to get the emergency passport.
- Emergency passport application fee.
- Taxis in: the European country to the airport; from and to the airport in the South Asian country; from the UK airport to their home.
- Passport charges for the family.
- UK Visa and Immigration (UKVI) fees for the family.
- Visa Facilitation Services (VFS) fees for the family.
- BRP reissue fees for the family.
- House key replacement.
- Laptop Bag.

The cost claimed totalled about £11,000.

Lloyd's settled the claim by paying: the BRP reissue fees; the costs of the emergency passport and the extra hotel day; house key; laptop bag; and amounts for the valid years left on the stolen passports. The costs Lloyd's agreed to cover, less the excess, totalled about £950.

Lloyd's said it had emailed Mr H saying he should visit the embassy in the European country before booking flights to the South Asian country as the embassy would provide emergency passport documents. It also understood that Mr H and his family could have just applied for a

one time entry replacement BRP visa to return to the UK. And there was a UK visa application office in the European city where they'd got the emergency passports.

Lloyd's considered it had paid a fair settlement for the costs covered under the 'Loss of Passport' policy section and that the other costs weren't covered by that section or the 'Cancellation, Curtailment or Rearrangement of a trip' policy section.

Mr H complained to us. He says all the costs he claimed were covered by the policy terms.

Our Investigator considered that Lloyd's had fairly settled the claim.

Mr H and Ms P disagreed and wanted an Ombudsman's decision. Mr H said he'd acted on the advice of the embassy. At the very least he wants Lloyd's to pay the UKVI and VFS fees which he says would have been the same even if they had stayed in the European country and returned straight to the UK.

### **What I provisionally decided in my first provisional decision – and why**

I made a first provisional decision that I was intending to say Lloyd's should pay some of the costs it hadn't paid. I said:

'I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The relevant regulator's rules say that insurers must handle claims promptly and fairly and they mustn't turn down (or settle) claims unreasonably.

The relevant policy terms are:

#### ***'LOSS OF PASSPORT***

*The Insured Person is covered for*

*Up to the amounts stated in the Schedule of Benefits in respect of:*

- 1. additional travel and accommodation expenses incurred during a Trip to replace a passport which has been lost or stolen whilst overseas on such Trip;*
- 2. the cost of any temporary passport or document which replaces a passport which has been lost or stolen whilst overseas during the course of a Trip, enabling the Insured Person to return to their Home Country;*
- 3. the cost of replacing a passport which has been lost or stolen during the course of a Trip. Benefit payable will be on a pro-rata basis, covering the remaining period for which the passport was valid'.*

The benefit limit is £5,000 per person.

And

#### ***'LOSS OF DEPOSIT, CANCELLATION, CURTAILMENT OR REARRANGEMENT OF A TRIP.***

*The Insured Person is covered for;*

*Up to the amount stated in the Schedule of Benefits for irrecoverable deposits, advance payments and other charges for which the Insured Person or the Assured are legally liable if their Trip in the Home Country or elsewhere in the World is necessarily cancelled or Curtailed due to specific, sudden, unforeseen and verifiable circumstances which are totally beyond the control of the Insured Person or the Assured and which occur during the Period Of Insurance, including cancellation due to the theft of their passport, visa(s) or other travel documents which cannot be replaced in time to prevent cancellation of the Trip'.*

First, I'll consider the cover under the 'Loss of Passport' policy section.

I think Lloyd's reasonably said the additional travel costs Mr H incurred to get to and from the South Asian country aren't covered under the policy. Lloyd's did email Mr H saying he should visit the embassy in the European country before booking flights to the South Asian country as the embassy would provide emergency passport documents. It understood that Mr H and his family could have just applied for a one time entry replacement BRP visa to return to the UK in the European city where they'd got the emergency passports and from my general research I think Lloyd's reasonably understood that was possible.

I've seen no evidence to support that the embassy told Mr H he could only travel to the South Asian country on a handwritten emergency passport, or that he had to go to that country to have an emergency passport printed. If there was such evidence I'd understand why Mr H went to the South Asian country but I can't reasonably say Lloyd's is responsible for the high costs Mr H incurred just because the embassy in the European country couldn't print documents.

Mr H says if he and his family had stayed in the European country, got printed emergency passports there and returned straight to the UK, the UKVI and VFS fees would have been the same so Lloyd's should pay those costs. I've seen no evidence to support that UKVI and VFS fees would have applied in those circumstances. But even if the fees still applied the policy only covers *'the cost of any temporary passport or document which replaces a passport which has been lost or stolen'*. So there's no cover for visa fees.

As the policy wording only covers the cost of passport replacement, I think Lloyd's was fair and reasonable to have paid the cost of the BRPs' reissue, which aren't strictly passport replacements. Lloyd's also paid the cost of the family's stolen passports on a pro-rata basis, as covered under the policy terms.

Second, I'll consider the cover under the 'Loss of deposit, cancellation, curtailment or rearrangement of a trip'.

This section of the policy is designed to cover costs that Mr H and/or Ms P had already paid or had been contracted to pay that were lost due to cancellation or curtailment of the trip. The trip wasn't cancelled, that would be if Mr H and his family had cancelled the trip before they'd left home, whereas their trip had already started. So the policy wording *'including cancellation due to the theft of their passport, visa(s) or other travel documents which cannot be replaced in time to prevent cancellation of the Trip'* doesn't apply to Mr H's claim.

Mr H and his family's trip to the European country was curtailed (cut short). This meant they lost the costs they'd paid for a flight within the European country (from the capital city to an island), their share of accommodation costs on the island and the cost of the flight from the island to the UK.

The policy covers *'irrecoverable deposits, advance payments and other charges'* for which Mr H and/or Ms P are legally liable if the trip is curtailed due to *'specific, sudden, unforeseen and verifiable circumstances which are totally beyond the(ir) control'*.

Lloyd's accepted the circumstances of the trip being cut short were clearly beyond Mr H and Ms P's control but it said the curtailment cover was only relevant if the trip was curtailed and they returned to the UK. I think the reason for curtailment was *'specific, sudden, unforeseen and verifiable circumstances which are totally beyond the(ir) control'*. However, I can't see where the policy says return straight to the UK is a requirement of curtailment cover.

Given the wide scope of cover for curtailment under the policy terms I think there's cover for: the cost of Mr H, Ms P and their children's flight within the European country (from the capital city to the island); their share of accommodation costs on the island; and the cost of their flight from the island to the UK. I currently think Lloyd's was unfair not to include those costs in the claim settlement and it should pay those costs, less the applicable excess, plus interest (which I detailed).

### **Responses to my first provisional decision**

Neither Mr H nor Ms P responded to my first provisional decision. Lloyd's didn't agree with the decision. In summary it said:

- The policy definition of curtailment means that curtailment cover only applies where written medical advice by a registered medical practitioner results in the necessary abandonment of the trip.
- The lost costs relating to accommodation and flights within and from the European country weren't beyond Mr H and Ms P's control. If they had obtained their replacement documents in the European country where they were on holiday they could have continued with their planned trip.

### **What I provisionally decided in my second provisional decision – and why**

I made a second provisional decision that I was intending to say Lloyd's had reasonably settled the claim. I said:

*'I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

In my first provisional decision I said I thought there was cover for Mr H and Ms P's lost costs for accommodation and flights within and from the European country because of the wide scope of cover for curtailment under the policy terms. Lloyd's has now referred to some policy wording which it says means those costs aren't covered by curtailment cover.

Lloyd's has now referred to the definition of curtailment within the policy which is:

*'The necessary and unavoidable abandonment of the Trip following written medical advice by a registered medical practitioner to either return to the Insured Person's Home Country or to attend a hospital overseas as an In-Patient as authorised by the 24 Hour Assistance Provider or as a result of circumstances stated in Section 13'.*

Section 13 of the policy is the policy section I referred to in my first provisional decision, that is:

*'LOSS OF DEPOSIT, CANCELLATION, CURTAILMENT OR REARRANGEMENT OF A TRIP.*

*The Insured Person is covered for;*

*Up to the amount stated in the Schedule of Benefits for irrecoverable deposits, advance payments and other charges for which the Insured Person or the Assured are legally liable if their Trip in the Home Country or elsewhere in the World is necessarily cancelled or Curtailed due to **specific, sudden, unforeseen and verifiable circumstances which are totally beyond the control of the Insured Person** (my emphasis) or the Assured and which occur during the Period Of Insurance, including cancellation due to the theft of their passport, visa(s) or other travel documents which cannot be replaced in time to prevent cancellation of the Trip’.*

Lloyd’s has also now referred to the following policy wording:

*‘For Curtailment, the Insured Person is covered up to the amounts stated in the Schedule of Benefits for the proportionate amount of the irrecoverable pre-paid costs of the Trip in the Home Country or elsewhere in the World based on the complete number of days the Insured Person is at home or hospitalised as an In-Patient’.*

Lloyd’s says the policy wording I referred to, which I’ve highlighted in bold text above, meant the medical advice must be due to *‘specific, sudden, unforeseen and verifiable circumstances which are totally beyond the control of the Insured Person’*.

I’ve considered whether it’s clear that the policy should reasonably be read as Lloyd’s intended given that curtailment could also be defined as or *‘as a result of circumstances stated in Section 13’*. I think the wording is clear enough that it should be read as Lloyd’s intended now that it’s referred to the specific policy definition of curtailment and how any curtailment cover would be calculated – proportionate to the *‘number of days the Insured Person is at home or hospitalised as an In-Patient’*.

I think Lloyd’s has now shown that the policy wording as a whole means curtailment cover only applies in the limited circumstances of a trip having to be cut short because there’s written professional medical advice to either return home or go into hospital abroad due to *‘specific, sudden, unforeseen and verifiable circumstances’* beyond the insured’s control (or if authorised by the 24 Hour Assistance Provider). That’s not the reason Mr H and his family cut short their trip, which was as a result of their passports being stolen. So Lloyd’s has correctly said the costs relating to accommodation and flights within and from the European country aren’t covered by the policy terms.

Even if I thought the policy wording wasn’t clear enough that it should be read as Lloyd’s intended - and could be read as there being cover if a holiday is cut short because of *‘specific, sudden, unforeseen and verifiable circumstances which are totally beyond the(ir) control’* - Lloyd’s has made a further point for me to consider. It says that the loss relating to accommodation and flights within and from the European country weren’t beyond Mr H and Ms P’s control as if they had obtained their replacement documents in the European country they could have continued with their planned trip.

Lloyd’s point appears to be contrary to what it said in its final response letter to Mr H:

*‘Whilst I agree that the circumstances were clearly beyond your control, the curtailment cover does not cover expenses of adding an additional trip (to the named South Asian country), cover is only relevant if the trip was curtailed and you returned to the UK’.*

Now Lloyd's has raised that it thinks the circumstances weren't beyond Mr H and Ms P's control, I'll consider the point. The theft of their passports and travel documents was beyond Mr H and Ms P's control. But I've seen no evidence to support that the embassy told Mr H he could only travel to the South Asian country on a handwritten emergency passport, or that he had to go to that country to have an emergency passport printed. I've seen no evidence that Mr H and Ms P couldn't get their replacement documents, at least those required on an emergency basis, in the European country where they were on holiday. So even if I now thought the policy wording could be read to Mr H and Ms P's advantage, there is no evidence to support that their holiday was cut short due to circumstances totally beyond their control.

Given the information Lloyd's has now provided I accept there is no curtailment cover for the claim under the policy terms.

I also have to decide what's fair and reasonable in all the circumstances of this complaint.

Mr H and his family found themselves in a very difficult situation when their passports and BRPs were stolen. But I've seen no written evidence from the relevant embassy to support what Mr H has told us about his advice from the embassy. I haven't seen evidence that it was impossible for him to get at least limited emergency travel documents in the European country where he and his family were on holiday. Even if he provided that evidence I can't reasonably say Lloyd's is responsible for the high costs Mr H and Ms P incurred just because the embassy in the European country couldn't print travel documents or if it gave him wrong information about where he could go to get the necessary travel documents.

The reason why Mr H and his family had to cut short their holiday, the theft of their travel documents, is far removed from the curtailment circumstances that I think Lloyd's has now evidenced the policy covers. I can't now reasonably say it should pay the costs relating to them cutting short their holiday.

I think Lloyd's has already paid the costs that are covered by the policy and that it's fair and reasonable for it to pay. I'm now intending to say that Lloyd's doesn't need to pay any further costs and not uphold the complaint'.

### **Responses to my second provisional decision**

Lloyd's agreed with my second provisional decision. But it wanted to clarify that its comment in its final response letter that '*the circumstances were clearly beyond your control*' only related to the loss of Mr H and Ms P's travel documents. It had always considered the actions Mr H and Ms P's took following the loss weren't something they had to do.

Mr H and Ms P responded and didn't accept either my first or second provisional decision. In summary they said:

- The policy wording didn't limit cover for curtailment just for medical reasons.
- Their circumstances met all the requirements for cover under section 13 of the policy – unforeseen, sudden, verifiable and out of their control. So all the expenses they'd already paid for flights and hotels were '*advanced payments*' and covered by the policy terms.
- Lloyd's email to Mr H said he should visit the embassy in the European country before booking flights to the South Asian country as the embassy would provide emergency passport documents. He'd told Lloyd's he would be travelling to the South Asian country and there's no evidence that Lloyd's told them to travel to the UK.
- The emergency certificates/passports issued by the embassy in Europe were one

time entry documents to the South Asian country. Mr H sent us the emergency certificates which he said showed they were handwritten and not machine-readable passport documents. He referred to information from the governments of the South Asian country and the UK which he said supported that they were unlikely to be able to enter the UK with the emergency certificates. So he and his family had no option but to travel to the South Asian country to get valid passports.

- The VFS' charges would have to be paid even if they had applied in the European country and those costs should be covered under the policy.

Before I made my final decision I sent the new documents Mr H had provided to Lloyd's and asked for its comments and it responded, which I'll refer to in my findings below.

### **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 to disappoint Mr H and Ms P as having considered the new and existing evidence I still think Lloyd's reasonably settled their claim. I'll explain why.

I've carefully considered and understood Mr H's comments as to why he thinks section 13 of the policy should be read as covering his circumstances. He considers that the policy wording for curtailment isn't restricted to medical reasons and as his situation was '*specific, sudden, unforeseen and verifiable*' and '*totally beyond (his) control*' the policy covers all or most of the claim.

But as I explained in my second provisional decision, I'm satisfied Lloyd's has now shown that the policy definition of curtailment, and the policy wording about how any curtailment cover would be calculated, means curtailment cover only applies in limited circumstances. Those circumstances are a trip having to be cut short because there's written professional medical advice to either return home or go into hospital abroad due to '*specific, sudden, unforeseen and verifiable circumstances*' beyond the insured's control (or if authorised by the 24 Hour Assistance Provider). That's not the reason Mr H and his family cut short their trip, which was as a result of their passports being stolen. So Lloyd's has correctly said the costs relating to accommodation and flights within and from the European country aren't covered by the policy terms and it correctly declined that part of the claim.

As to the cost of travelling back to the South Asian country, Lloyd's email to Mr H of 9 August 2024 said:

*'Please visit the (relevant South Asian country) embassy in (the relevant European country) before booking flights to (South Asian country), they can provide you with an emergency passport document'.*

Lloyd's says the email told Mr H he didn't need to go to the South Asian country as he could get an emergency passport in the country he was in. It seems Mr H understood the email to mean he should get the emergency passport then travel to the South Asian country. I can see how the differing views about the meaning arose but I don't think Mr H could reasonably understand the email was Lloyd's consent to pay costs associated with him going to the South Asian country. I don't have any evidence that Lloyd's confirmed it would cover those costs.

Mr H has now provided the handwritten emergency certificates for him and his family which the embassy in the European country provided. I can see the emergency certificates were handwritten and valid for one month. Mr H has also provided a document titled 'Public

advisory on phasing out of handwritten passports' from the government of the South Asian country which says *'foreign Governments may deny Visa or entry to any person travelling on a non-Machine Readable Passport'*. He has also provided a link to UK government advice about entering the UK which says Mr H and his family would need *'a valid passport to enter the UK. It should be valid for the whole of your stay'*.

I sent the documents and information to Lloyd's and asked for its comments to include the family's specific circumstances that they needed BRPs (which were relevant at the time). Lloyd's said Mr H had a duty to act as if uninsured and to mitigate the costs. It said the document from the government of the South Asian country was a general communication that its citizens should get printed passports because some countries may deny entry to those without them. The information wasn't specific to Mr H and his family nor specific to the UK. There was no documentary evidence to support that the UK border force wouldn't have allowed them entry with the emergency certificates issued by the embassy in the European country. As to the BRPs, Lloyd's provided a link to the UK Home Office website which it said showed that Mr H and his family could have applied for a temporary visa to return to the UK and get replacement BRPs once back in the UK. Lloyd's said there was no evidence to support it was necessary for Mr H to go to the South Asian country to get those documents.

I've carefully considered the new evidence and comments both parties have provided. I don't think there is sufficient evidence that Mr H and his family had to return to the South Asian country to get the travel documents they needed to be able to enter the UK. The emergency certificates from the embassy in the European country were handwritten and only valid for one month and the document from the government of the South Asian country says non-machine readable passports, which I take to be handwritten ones, may not be accepted by some countries. But that isn't enough evidence to persuade me that the UK border force wouldn't have accepted the emergency handwritten certificates.

I haven't seen clear evidence about whether or not Mr H got his family's one time entry replacement BRP visas from the UK or from the South Asian country at the same time he got the passports. In case it was the latter I'll consider whether Mr H needed to travel to the South Asian country for the BRP visas. The information in the link to the UK Home Office website says:

*'If you have left the UK and have lost or had stolen your Biometric Residence Permit (BRP) which shows evidence of your Leave to Remain in the UK, you will need to apply for a Replacement BRP Visa in order to re-enter the UK. This visa will only allow you to re-enter the UK. Once in the UK, you must re-apply for a replacement BRP'.*

The website sets out the steps to take if a BRP was stolen which include applying online or to a visa application centre. Information behind a further link shows there's a visa application centre in the same city as the embassy in the European country Mr H was in. So if Mr H and his family did go to the South Asian country to get the BRP visas I'm not persuaded on the evidence I have that it was necessary for them to have to go there to get those documents.

On the evidence I have Lloyd's correctly said that the costs relating to Mr H and his family going to the South Asian country aren't covered by the policy terms and it correctly declined the claim.

I also have to decide what's fair and reasonable in all the circumstances of this complaint. As I've said, Mr H and his family found themselves in a very difficult situation when their passports and BRPs were stolen. But the reason why Mr H and his family had to cut short their holiday, the theft of their travel documents, is far removed from the curtailment circumstances that I think Lloyd's has now evidenced the policy covers. I can't reasonably

say it should pay the costs relating to them cutting short their holiday. As there isn't sufficient evidence that they had no other option but to travel to the South Asian country to get the necessary documents to enable them to enter the UK I can't reasonably say Lloyd's should pay the relevant costs.

If Mr H can get specific evidence that he and his family wouldn't have been able to enter the UK with the emergency certificates they had then he could send that new evidence to Lloyd's to reassess. If agreement couldn't be reached Lloyd's should clearly explain why it was still declining the claim and Mr H and Ms P could make a separate complaint to it and ultimately to us.

As for the VFS' charges, even if the fees still applied in the European country the policy only covers *'the cost of any temporary passport or document which replaces a passport which has been lost or stolen'*. So there's no cover for the VFS' charges.

I'm very sympathetic to the situation in which Mr H, Ms P and their family found themselves through no fault of their own. But on the evidence I have I'm satisfied Lloyd's has already paid the costs covered by the policy and that it's fair and reasonable for it to pay. Lloyd's doesn't need to pay any further costs.

### **My final decision**

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Ms P to accept or reject my decision before 11 February 2026.

Nicola Sisk  
**Ombudsman**