

The complaint

Mr and Mrs T complain that Admiral Insurance (Gibraltar) Limited has turned down claims they made on a travel insurance policy and that it's relied on the fraud condition to cancel their contract.

What happened

The background to this complaint is well-known to both parties. So I've simply set out a summary of what I think are the main events.

Mr and Mrs T took out an annual travel insurance policy in February 2024. At that point, they didn't add cruise cover to the contract.

In September 2024, Mr and Mrs T booked a trip for them and one of their children to visit another of their children (who I'll call Ms T) abroad. They were due to travel in mid-December 2024.

And in early October 2024, Mr and Mrs T made a five day cruise booking that they intended to take as part of their December 2024 trip. They planned to join Ms T on the cruise. No cruise cover was added to the contract at this point, meaning that there was no cover for any claims related to a cruise.

On 31 October 2024, Mr and Mrs T were told that Ms T had unfortunately suffered a medical incident while she was on board the cruise ship. On the same day, Mr and Mrs T added cruise cover to the policy. They flew abroad to be with Ms T after a scan showed she could be suffering from a potentially very serious medical condition.

Upon Mr and Mrs T's return to the UK, they made a cancellation claim for all of their trip cancellation costs and medical expenses costs.

Admiral investigated Mr and Mrs T's claim. It noted that Mrs T had been told about Ms T's medical incident around 25 minutes before cruise cover had been added online. So it thought Mr and Mrs T had been aware of a reason why they might need to claim before the cruise cover had been added. And it therefore concluded that Mr and Mrs T had breached the policy fraud condition. So it turned down their claims, cancelled the policy and indicated that it had applied external fraud markers.

Mr and Mrs T were unhappy with Admiral's decision and they asked us to look into their complaint.

Our investigator considered the available evidence. She was persuaded it was most likely Mr and Mrs T had been made aware of Ms T's medical incident before they added the cruise cover. So she thought it had been reasonable for Admiral to conclude that Mr and Mrs T had likely been aware of a reason why they might need to make a claim for the cruise trip when they added the cruise cover. And she felt it had been fair for Admiral to turn down the claim for the costs related to the cruise.

However, she didn't think it had been fair for Admiral to rely on the fraud condition to turn down the claims and cancel the policy. She didn't think there was evidence to show Mr and Mrs T had known that they'd likely need to cancel the trip they'd booked in September 2024. She noted they hadn't cancelled the December 2024 trip until November 2024. And she thought the failure to add cruise cover had been a missed opportunity.

Therefore, she recommended that Admiral should reinstate the policy and pay Mr and Mrs T's cancellation claim for the trip they'd booked in September 2024, together with interest. She also recommended that Admiral should remove any internal or external fraud markers.

Mr and Mrs T accepted the investigator's view but Admiral didn't. So the complaint's been passed to me to decide.

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've decided to partly uphold this complaint and I'll explain why.

First, I'd like to say how sorry I was to hear about Ms T's medical incident and the scan findings. It's clear that this was a very worrying and upsetting time for Mr and Mrs T and their family. I do hope Ms T is making a good recovery.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. I've taken those rules into account, amongst other relevant considerations, such as regulatory principles, the law, the policy terms and the available evidence, to decide whether I think Admiral treated Mr and Mrs T fairly.

I've first considered the policy terms and conditions, as these form the basis of the contract between Mr and Mrs T and Admiral. The policy provides both cancellation and emergency medical cover. However, the contract also sets out a list of specific conditions and exclusions which also apply. In particular, page 18 includes a requirement for policyholders to tell Admiral about a change that could affect their cover, as soon as possible. It sets out a list of potential changes – which includes adding cruise cover. And page 21 explains the policy fraud condition. It says:

'If you or anyone acting for you deliberately or recklessly provides false or misleading information that would affect our decision to provide all or any cover, your policy and all other cover you have through us will be cancelled or voided (considered to have never existed). We will take steps to recover any costs we have paid (or committed to pay) in connection with your cover and will not refund any premium.'

We will not pay a claim if:

- *it is in any way fraudulent, false or exaggerated; or*
- *we have been given a false statement, or any documents which are false, stolen or misleading.*

Your policy and all other cover you have through us will be cancelled or voided. We will take steps to recover any costs that we have paid (or committed to pay) in connection with your cover and will not return any premium.'

Page 27 of the contract sets out the following general exclusion on cover which applies to all

claims:

'We will not pay any claim which arises from or is directly or indirectly related to any of the following...

An anticipated event which affects your trip, and which you:

- *knew would happen; or*
- *could reasonably have expected to happen;*

when you took out or renewed your policy, or booked your trip, whichever is later.'

Admiral reviewed the evidence and concluded that Mr and Mrs T had breached the policy fraud condition. So I've carefully considered whether I think this was a fair conclusion for it to draw.

The evidence shows Mr and Mrs T booked a cruise on 2 October 2024. Admiral's notes show that cruise cover was added to the existing annual policy by Mrs T online at 19.58 on 31 October 2024. There's no evidence that Mrs T contacted Admiral any earlier than that to add cruise cover. And during a call with Admiral after the claim had been made, Mrs T told Admiral that she'd been notified of Ms T's medical incident at 19.36 on 31 October 2024. I think this means then that it's most likely that when Mr and Mrs T added cruise cover to their existing policy, they already knew Ms T was unwell. I also think they ought reasonably to have been aware that Ms T's illness might lead to them needing to make a cancellation claim or the need to incur costs in travelling to support Ms T.

And, like the investigator, I also find that the event which caused the cancellation of the cruise trip – Ms T's illness - had already happened before Mr and Mrs T took out cruise cover. And on that basis, I think it was fair and reasonable for Admiral to turn down their claim for any costs relating to the cancellation of the cruise trip and any expenses they incurred as a result of Ms T becoming unwell on the cruise. I also think that in these particular circumstances, it's not unreasonable for Admiral to retain the additional premium Mr and Mrs T paid for the cruise cover.

However, I'm not persuaded that it's fair or reasonable for Admiral to rely on a breach of the fraud condition in the particular circumstances of this complaint. As the investigator explained, Mr and Mrs T had booked return flights and a night in a hotel in September 2024 – some weeks before Ms T's medical incident. This means I don't think they had any reason to believe a claim would need to be made when those elements of the trip were booked. Moreover, Mr and Mrs T didn't actually cancel their holiday until some days after they'd purchased the cruise cover. So while I accept they may have been aware of a risk that they *might* need to make a claim, I'm not satisfied they believed this was the most likely outcome to the situation.

I'd add too that under the terms of the fraud condition, a claim must be false, fraudulent or exaggerated or that a policyholder must have given Admiral a false statement or misleading, false or stolen documents. And having considered what I consider to be relevant law, two of the grounds for fraud are dishonestly making a false representation or dishonestly failing to disclose information a person is under a legal duty to disclose to make a gain for themselves or cause loss to another.

Despite its position on this claim, I'm not satisfied that Admiral has provided any persuasive evidence that Mr and Mrs T dishonestly made any false representations or that they dishonestly failed to disclose information they were under a legal duty to disclose. Nor do I think Admiral has provided persuasive evidence which shows Mr and Mrs T gave it false

information or false or misleading documentation when they added the cruise cover. I accept Mrs T did tell Admiral that she'd added the cover before she learned about the medical incident. But I'm not satisfied Admiral has shown any deliberate dishonesty on Mr and Mrs T's part. Rather, I think the evidence points to Mr and Mrs T not having an expert understanding of insurance, confusion around the timeline of events and failing to understand the implications of adding cruise cover when they did - especially since they provided accurate and honest information about when they were notified of Ms T's illness.

As such, I find that Admiral must reinstate Mr and Mrs T's policy and remove any internal and external fraud markers.

I've already explained why I think it was reasonable for Admiral to turn down Mr and Mrs T's claim for any costs related to the cruise. But it remains the case that the original return flights and a hotel stay were booked in September 2024. These were booked some weeks before Ms T became unwell. And these flights and hotel stay were cancelled due to Ms T's ill-health – a cancellation risk which is covered by the policy terms. There is simply nothing to suggest that Mr and Mrs T would have been aware of the potential risk of needing to make a claim due to Ms T's health at the time the flights and hotel were booked in September 2024. For those reasons then, I agree with our investigator that Admiral should pay Mr and Mrs T's cancellation claim excluding any costs related to the cruise, together with interest at 8% simple on the claim amount.

Putting things right

I partly uphold this complaint and I direct Admiral Insurance (Gibraltar) Limited to:

- Reinstate Mr and Mrs T's policy;
- Remove any internal or external fraud markers;
- Pay Mr and Mrs T's cancellation claim, excluding any cruise costs and any costs Mr and Mrs T incurred in travelling to support Ms T, in line with the remaining policy terms and conditions and less any explicable excess, and
- Add interest to the settlement at an annual rate of 8% simple from one month after the claim was made until the date of settlement.*

*If Admiral considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs T how much it's taken off. It should also give Mr and Mrs T a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons I've given, my final decision is that I uphold this complaint in part and I direct Admiral Insurance (Gibraltar) Limited to put things right as I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T and Mrs T to accept or reject my decision before 20 May 2026.

Lisa Barham
Ombudsman