

The complaint

Mr and Mrs B are unhappy with AWP P&C SA's decision to decline their travel insurance claim.

What happened

Mr and Mrs B are unhappy that AWP declined their claim for accommodation costs as they were unable to go on holiday to France.

Mr and Mrs B bought an annual travel insurance policy in February 2020 to cover trips made from 15 February 2020 to 14 February 2021, including a trip to France. They were due to travel on 29 April 2020 and return on 6 May 2020.

Due to the Covid-19 pandemic, on 17 March 2020 the Foreign and Commonwealth Office (FCO) advised UK residents against all but essential travel abroad, in addition to restrictions placed by the French government. As such, Mr and Mrs B's trip was sadly cancelled on 17 April 2020.

Mr and Mrs B paid for flights and accommodation separately, so this wasn't a package booking. They contacted their accommodation provider who told them their booking was non-refundable.

Mr and Mrs B claimed on their travel policy with AWP for the cost of their accommodation. They also submitted evidence showing that their refund request had been declined by the provider. AWP said that Covid-19 related cancellations weren't covered under the policy, and so declined their claim.

Our investigator accepted that the reason Mr and Mrs B made the claim wasn't listed as one of the insured perils. However, she felt that it wouldn't be fair for AWP to decline it because had they followed the Foreign Commonwealth Office's (FCO's) advice and not travelled, there'd be no cover available. She also noted that had they essentially ignored the advice and travelled to France, there'd still be no cover available in those circumstances either. She felt that Mr and Mrs B were caught between the policy terms and that this wasn't made particularly clear. She didn't think it reasonable for AWP to rely on these terms to decline the claim when they weren't made prominently and transparently clear.

AWP hasn't responded to our investigator's findings, despite several prompts from the ombudsman requesting its closing arguments. And so, it's now for me to make a final 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.

I'm satisfied that our investigator identified, and set out, the relevant industry rules and guidance which apply to the specific circumstances of this case. The investigator also highlighted, and referred to, the key documents which are relevant to this complaint.

The policy documentation

The Insurance Product Information Document ('IPID') summarises the cover available. On page two it says:

"You will not be covered if you travel to a country or region where the Travel Advice Unit of the British Foreign and Commonwealth Office or World Health Organisation has advised against travel, unless agreed otherwise with the insurer"

The policy terms and conditions say, on page 12: *under the heading 'Section A – Cancellation or Curtailment Charges', say:*

'We will pay you up to the amount shown in the schedule of cover (see page 11) for any irrecoverable unused travel and accommodation costs, pre-booked excursion costs, organised event fees and other pre-paid charges which you have paid or are contracted to pay, together with any additional travel expenses incurred if cancellation of the trip is unavoidable or the trip is curtailed before completion as a result of any of the following specified events:

- 1. The death, bodily injury, illness, disease, or complications arising as a direct result of pregnancy of:*
 - a. you;*
 - b. any person who you are travelling or have arranged to travel with;*
 - c. any person who you have arranged to stay with;*
 - d. your close relative;*
 - e. your close business associate.*
- 2. You or any person who you are travelling with, or have arranged to travel with, being quarantined, called as a witness at a Court of Law or called for jury service attendance.*
- 3. Your redundancy or the redundancy of any person you are travelling with or have arranged to travel with. The redundancy must qualify for payment under current redundancy payment legislation in your home country, and at the time of booking the trip there must have been no reason to believe anyone would be made redundant.*
- 4. You or any person who you are travelling with, or have arranged to travel with, is a member of the Armed Forces, Territorial Army, Police, Fire, Nursing or Ambulance Services or an employee of a Government Department and has authorised leave cancelled or is called up for operational reasons, provided that the cancellation or curtailment could not reasonably have been expected at the time when you purchased this insurance or at the time of booking any trip.*
- 5. The police or other authorities requesting you to stay at or return to your home due to serious damage to your home caused by fire, aircraft, explosion, storm, flood, subsidence, fallen trees, collision by road vehicles, malicious people or theft'.*

Was it unreasonable for AWP to decline the claim?

I think it's fair and reasonable for AWP to treat the claim as covered under the cancellation section of the policy because:

- Mr and Mrs B cancelled their trip because the FCDO advised against all but essential travel to the destination they were due to travel to. That's not something that is covered under the terms and conditions of the policy as it's not a specific or listed insured event. However, taking into account the relevant law and industry guidelines,

I don't think that leads to a fair and reasonable outcome in the circumstances of this case for the reasons I'll go on to explain.

- The exclusions that I've outlined above mean that if Mr and Mrs B had travelled abroad they'd have not followed FCDO advice. So, they wouldn't have been covered by the policy terms and conditions. But, under the terms and conditions of the policy, changes in FCDO guidance also aren't covered by the policy. I don't think that was made sufficiently clear to Mr and Mrs B.
- Mr and Mrs B would have needed to read the full policy terms and conditions in order to understand that this set of circumstances wasn't covered. And, I don't think that this information was brought to their attention in a prominent and transparent way. So, I don't think the combined effect of the policy terms was made sufficiently clear
- I think this has created a significant imbalance in the rights and interests of Mr and Mrs B and AWP. I think it's unlikely that Mr and Mrs B would have purchased the policy if they had realised that there was no cover under the policy if the FCDO guidance changed after they'd bought the policy. At the time they purchased this policy they'd have been able to buy an alternative policy which offered cover for changes in FCDO advice.

Putting things right

I'm directing AWP P&C SA to treat the claim as covered under the cancellation section of the policy. AWP P&C SA should therefore assess the claim under the remaining terms and conditions of the policy.

My final decision

I'm upholding Mr and Mrs B's complaint against AWP P&C SA and direct them to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 1 June 2022.

Scott Slade
Ombudsman