

## **The complaint**

Miss H and Mr P complain that AWP P&C SA (AWP) has refused their claim for a cancelled trip under their travel insurance policy.

Any reference to AWP also includes its agents.

## **What happened**

Miss H and Mr P took out an annual multi trip travel policy with AWP in March 2020, which provided cover for trips that took place from 5 March 2020 until 4 March 2021. At the same time as purchasing the policy, they booked a long-haul destination trip using several different travel providers. They were due to travel on 19 March 2020.

On 17 March 2020 the UK's Foreign, Commonwealth & Development Office ('FCDO' – formerly the Foreign & Commonwealth Office ('FCO')) advised against all but essential travel abroad due to the Covid-19 pandemic.

Miss H and Mr P contacted the individual providers and were able to obtain some refunds – specifically from the airline and also for some of their hotel accommodation. However, one hotel refused to provide a refund but did offer a voucher for the cost of their stay, which was valid for a year. They were also offered the opportunity to rebook their ferry crossings for alternative dates. As they couldn't obtain refunds, Miss H and Mr P made a claim to AWP for these expenses. They explained to AWP that, even though they had been offered alternatives, Miss H was expecting a baby later in the year and therefore it was not possible for them to travel abroad.

AWP declined the claim. It said that the policy only covers irrecoverable losses and that it considered the alternatives they had been offered by the providers as refunds.

Miss H and Mr P complained to AWP about this decision and also about the delays in handling the claim. They then brought this complaint to our service. Our investigator looked into the matter and upheld the complaint. He said that the changes to Miss H and Mr P's personal circumstances meant that the voucher terms were not fair or reasonable for them to use. He recommended that AWP reconsider the claim for the cost of the hotel and ferry booking. He also said AWP should pay £75 to Miss H and Mr P for the distress and inconvenience caused to them for the delays in handling the claim.

Miss H and Mr P accepted the recommendations of our investigator. However, AWP didn't respond to our investigator's view. As no response was received, the matter has 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.

The relevant rules and industry guidelines say that insurers must handle claims fairly and promptly and shouldn't unreasonably reject a claim. I've taken these rules into account when deciding what I think is fair and reasonable in the circumstances of Miss H and Mr P's complaint.

#### *Has the claim been unfairly declined?*

The cause of Miss H and Mr P cancelling their trip was the change in advice by the FCDO in relation to non-essential travel. The policy terms and conditions provide cover for cancellations for this reason and so the cause of the cancellation isn't in dispute. So, the key issue for me to decide is whether the loss is recoverable or not.

AWP has said that, as Miss H and Mr P had been given an option to rebook these parts of the trip, the cost was recoverable – and therefore not covered by the policy. AWP also said that the policy doesn't provide cover for any claim where you are not wanting to travel. It is commonplace with all travel insurance policies that cover is only provided for costs that you cannot get back via any other source, and this would include vouchers or offers to rebook.

But what is important here is whether the option available to Miss H and Mr P was fair and gave them a reasonable opportunity to recover their loss. I've thought about this point carefully, but I'm not persuaded that in their particular circumstances it would be fair to consider this as a recoverable loss. I'll explain why.

The ferry company offered Miss H and Mr P the opportunity to transfer their ferry booking to alternative dates. And the accommodation provider offered a voucher which was valid until March 2021. Miss H and Mr P have said they couldn't have rebooked for a later date as, not only did they not know when travel would be allowed again, they were also expecting their first child later in that year and so travel would not have been possible. I've seen correspondence which shows that Miss H was due to give birth in November 2020 – and therefore it would have been highly unlikely she would have been able to travel before this date. And I don't think it would be reasonable to expect Miss H and Mr P to have made plans to travel to this long-haul destination so soon after the birth in order to use the offer of the voucher and ferry rebooking.

So, when taking everything into account, I'm persuaded that the restricted terms of the offers made by the ferry company and accommodation provider made it unsuitable for Miss H and Mr P's circumstances. I'm satisfied these expenses should be considered irrecoverable and AWP should reconsider the claim on that basis.

#### *Claims handling delays*

The claim was first submitted by Miss H and Mr P on 4 April 2020 and I can see that there were numerous emails between the parties before the claim was declined in mid-June 2020. Miss H sent several emails asking for updates and, even after the claim was declined and a complaint made, it wasn't until September 2020 that AWP advised Miss H and Mr P that it was unable to complete its investigation into their complaint and referred them to this service. During this time Miss H sent several emails asking for a response and she made it clear to AWP that she was finding the process very stressful, especially as she was expecting her first child.

I can appreciate how frustrating this must have been for Miss H and Mr P. And I think AWP could have handled the situation better by keeping them more informed about their claim and the subsequent complaint, especially as Miss H had informed them of how this was impacting her. But I must also bear in mind that AWP was dealing with an unprecedented situation at the time and Covid-19 has had a significant impact on the travel insurance

industry given the number of customers whose travel plans were impacted by the disruption to travel. And so, I don't think it's unreasonable that this had some impact on their normal levels of service. Our investigator recommended that AWP make a payment of £75 in recognition of the poor service and in the circumstances, I'm satisfied that this sum is a fair and reasonable amount to compensate Miss H and Mr P for the distress and inconvenience they suffered in this situation.

### **Putting things right**

AWP needs to do the following:

- Reconsider the claim on the basis the costs for the hotel and ferry bookings are considered irrecoverable.
- Pay £75 to Miss H and Mr P in recognition of the delays in handling their claim.

### **My final decision**

For the reasons mentioned above, I uphold this complaint.

AWP P&C SA must put things right as detailed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H and Mr P to accept or reject my decision before 5 May 2022.

Jenny Giles  
**Ombudsman**