

The complaint

Mr S complains that U K Insurance Limited (UKI) has turned down a travel disruption claim he made on a travel insurance policy.

What happened

Mr S holds travel insurance as a benefit of a packaged account with his building society.

In April 2023, Mr S was abroad with his partner. He was staying in a country I'll call P. After a stop-off in one city which I'll call L, Mr S was due to fly to another resort in P, which I'll call M, for a four-day stay. The flight from L to M took off as planned. But the airport at M was closed and so the flight had to return to L. While the airline was able to offer Mr S a replacement flight to M which was departing a few days later, Mr S would only have been able to spend one day there. So he opted to stay in L instead and went on to return to the UK early. As Mr S was unable to recover his pre-paid costs in M and as he incurred additional costs as a result of his disrupted travel, he made a claim on the policy.

UKI turned down Mr S' claim. It said the circumstances of the claim weren't covered by the policy terms. But it didn't think it had handled the claim as well as it should have done and so it paid Mr S £50 compensation.

Mr S was unhappy with UKI's position and he asked us to look into his complaint. Subsequently, UKI contacted us to offer Mr S a further £50 compensation.

Our investigator thought UKI had made a fair offer to resolve Mr S' complaint. She didn't think the claim was covered by the policy terms and so she concluded it had been fair for UKI to turn it down. And she thought total compensation of £100 was reasonable to reflect UKI's service failings.

Mr S disagreed. In summary, he felt that the diverted flight should be classified as cancelled and that UKI should treat it as such. And he didn't think UKI's rejection of the claim was in line with the spirit of the policy.

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, whilst I'm sorry to disappoint Mr S, I think UKI has made a fair offer to settle his complaint and I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So I've considered, amongst other things, the terms of Mr S' policy and the circumstances of his claim, to decide whether I think UKI treated him fairly.

I've first considered the policy terms and conditions, as these form the basis of the insurance contract. No travel insurance policy covers every eventuality and the contract terms set out the insured events UKI has chosen to cover and those it's chosen to exclude.

Mr S' trip was disrupted as a result of the airport closure in M. So I think it was reasonable and appropriate for UKI to consider the claim in line with the 'Missed, Delayed or Abandoned Departure' section of the policy, as this broadly provides general travel disruption cover.

Missed departure cover applies if a policyholder arrives too late at their departure point to catch their pre-booked flight, ship or train due to a listed, insured event. In this case, Mr S didn't arrive too late to catch his pre-booked flight – instead, the flight to M was diverted back to L. So I don't think UKI acted unfairly when it concluded the claim wasn't covered under this section of the policy.

Delayed departure benefit is payable if the departure of a policyholder's flight, ship or train is delayed by more than two hours, up to a limit of £250. But Mr S' flight to M wasn't delayed – it appears that it took off from L as planned. This means I don't think delay benefit is payable either.

The policy sets out Abandoned Departure (outbound only) as follows:

*'We will pay up to £5,000 for each insured person for their portion of the trip costs if you choose to abandon your trip on **your outward journey at your point of departure** because your pre-booked aircraft, ship or train is:*

- 1. Delayed by more than 12 hours (6 hours for a trip of four nights or less) beyond the departure time shown on your travel ticket on your outward journey.*
- 2. Cancelled following a delay and your transport operator is unable to provide you with a replacement from **your point of departure** within 12 hours of the original departure time on your outward journey.(My emphasis added).'*

UKI has defined what it means by a policyholder's point of departure in the contract terms. The policy says that the point of departure is:

'The airport, port or station from which you leave or to which you return during your trip.'

Trip is defined as:

'A journey that begins and ends at your home during the period of insurance.'

I appreciate Mr S considers that his diverted flight should be treated as cancelled. But even if UKI was to treat the flight as cancelled, it seems to me that Mr S' flight wasn't cancelled at the point of departure on his outbound journey from the UK. Mr S' *outbound* departure point to P was from an airport in the UK. And it still remains the case that the flight from L to M itself *wasn't* cancelled or delayed; it simply was unable to land in M. This isn't something the policy covers.

On that basis, while I understand the situation was entirely outside of Mr S' control, I don't think it was unfair or unreasonable for UKI to conclude that Mr S' claim wasn't covered by the Abandoned Departure section of the policy.

And, having considered the remaining sections of the contract, I don't think there is any cover for the circumstances in which Mr S found himself. I think UKI has made the cover it provides sufficiently clear and I don't think the terms are misleading. So whilst I sympathise

with Mr S' position, I don't find there are any fair and reasonable grounds upon which I could direct UKI to pay this claim.

Nonetheless, UKI accepts it didn't handle Mr S' claim as well as it should have done. It acknowledges that when it was unable to speak to Mr S to decline his claim, it should have followed this up in writing. But it didn't do so. I don't doubt this caused unnecessary time and inconvenience to Mr S and I think it's reasonable and proportionate for UKI to pay compensation to reflect this. UKI has already paid Mr S £50 and it's now offered to pay him an additional £50. In my view, this is a fair award to reflect the material distress and inconvenience I think UKI's handling of the claim caused Mr S. So I'm directing it to pay Mr S total compensation of £100, less the £50 it's already paid him.

My final decision

For the reasons I've given above, my final decision is that UKI has now made a fair offer to settle Mr S' complaint.

I direct U K Insurance Limited to pay Mr S total compensation of £100 (less the £50 compensation it's already paid him).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 March 2024.

Lisa Barham
Ombudsman