

The complaint

Mrs A and Mr N have complained that Euroins AD declined a claim they made on a travel insurance policy.

As it is Mr N that is leading on the complaint, I will mostly just be referring to him in this decision.

What happened

Mr N and his family were due to travel abroad on 28 June 2023. However, his son became unwell and was hospitalised just beforehand. The hospital consultant advised that it would be medically unsafe for his son to travel. Mr N therefore cancelled the flights, which were non-refundable, and made a claim on the policy.

Euroins declined the claim on the basis that the family were due to be away for 64 days, whereas the maximum trip duration under the policy was 60 days, meaning that the whole trip was not insured.

Our investigator didn't think it was fair for Euroins to reject the claim due to a breach of the policy terms because the circumstances of the claim were not linked to the breach. So, she recommended that Euroins should consider the claim for the cost of the outbound flights only.

Euroins disagrees with the investigator's opinion and so the complaint has been passed to me for a 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've carefully considered the obligations placed on Euroins by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for Euroins to handle claims promptly and fairly, and to not unreasonably decline a claim.

Looking at the policy schedule, it states that the maximum trip duration for any one trip is 60 days. I think this information is clearly presented, so overall, I'm satisfied that Mr N should have been aware of this limitation.

The trip was due to start on 28 June 2023 and end on 31 August 2023, which is a total of 64 days. It's not in dispute that the planned holiday exceeded the maximum trip duration. As such, Mr N is technically in breach of the policy terms.

However, there is long-established industry guidance that says it is unreasonable for an insurer to reject a claim for breach of policy condition, unless the circumstances of the claim are connected to the breach.

Looking at what happened, I don't think it would be fair for Euroins to decline the claim completely.

The outbound trip was within the policy limits. As it was within the first 60 days of the trip, I don't think that Euroins has been disadvantaged by this situation. And the reason for making the claim is not at all related to the length of the holiday. Therefore, it would not be fair for Euroins to rely on an immaterial term in the policy to decline an otherwise legitimate claim. So, on that basis, I think that Euroins should consider the claim for the outbound journey.

However, Mr N is also claiming for the cost of the return flights. He believes that, as the situation was beyond his control, the claim should be considered under exceptional circumstances, as set out in the policy in relation to the period of insurance. But I agree with our investigator that the term in question only applies if somebody has already started their trip and is unable to return home for reasons outside of their control.

As the family's inbound journey was planned to take place after the maximum 60-day trip limit had expired, I don't think that Euroins needs to consider that part of the claim.

My final decision

For the reasons set out above, I uphold the complaint and require Euroins AD to consider the claim for the outbound journey only, disregarding the maximum trip length, but in line with the remaining policy terms and conditions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr N to accept or reject my decision before 12 April 2024.

Carole Clark
Ombudsman