

The complaint

Mr and Mrs A have complained that U K Insurance Limited (UKI) hasn't paid out the full amount of a claim they made on a travel insurance policy.

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

What happened

During a holiday abroad, Mr and Mrs A's flights were delayed on both their outbound and return journeys. Mr A therefore made a claim for delay benefit. UKI declined the claim for the outbound journey and paid less than Mr A was expecting for the return journey.

Our investigator thought that UKI had assessed the claim correctly, in line with the policy terms and conditions. Mr A 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 UKI by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for UKI to handle claims promptly and fairly, and to not unreasonably decline a claim.

Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it's willing to cover and set these out in the terms and conditions of the policy document. The test then is whether the claim falls under one of the agreed areas of cover within the policy.

Looking at the relevant policy term, under the section heading of '*Missed, Delayed or Abandoned Departure*', it states:

'This section provides cover if:

- You are unable to reach your point of departure or connection in time due to one of the reasons listed below.
- You are delayed for more than two hours after check in.
- You are unable to return to the UK on your planned return date.
- You choose to abandon your trip following a delay of 12 hours or more (six hours for a trip of four nights or less).

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Delay Benefit

We will pay £10 per insured person after the first two hours and an additional £10 every following four hours up to a limit of £250 if you have arrived at your point of departure or connection and your pre-booked aircraft, ship or train is delayed. You must have already checked in.

Delayed Return

We will pay up to £500 for any extra car parking, kennel, cattery, or professional pet sitter costs if for reasons outside your control, you can't return to the UK on your planned return date.'

During the outbound journey, the departure time of their connecting flight was delayed by 1 hour and 52 minutes due to bad weather. However, continuing bad weather meant that flight was then diverted to another airport to refuel. As a result, they arrived at their final destination 2 hours and 42 minutes later than scheduled.

On the return journey, their first flight was again delayed, which meant that they missed their connecting flight. The airline offered them an alternative flight the next day (leaving 14 hours and 17 minutes after the original connecting flight's departure time). However, the alternative flight wasn't a direct flight but involved another transfer. This meant that they arrived home in the UK a total of 28 hours and 21 minutes later than scheduled.

UKI has calculated the delay benefit based on departure times whereas Mr A believes that it has misapplied the policy terms and it is the ultimate arrival time that should be the pertinent issue in working out the actual amount of delay.

I do appreciate Mr A's view that a reasonable interpretation of the delay benefit term would be that it encompassed the total delay experienced by a policyholder, that being the difference in the actual arrival time against the scheduled arrival time.

However, looking at the policy terms, the clause relating to delay benefit comes under the general heading of 'Missed, Delayed or Abandoned Departure'. So the focus is on delayed departure rather than delayed arrival.

The clause for 'delayed return' does cover a late arrival time. But it can be seen from the above wording that it provides cover for specific extra costs incurred in that scenario, whereas the travel delay benefit is a fixed cash benefit to cover a set amount for a defined period of delay.

The policy term in relation to the delay benefit talks about having arrived at the point of departure and the pre-booked transport then being delayed. Overall, I'm satisfied that the intention of the policy is to provide a benefit in the circumstance of a delayed departure, rather than a delayed arrival.

I've thought very carefully about what Mr A has said and I take his point that the policy term could probably be better expressed. However, overall, I consider that the term relates to delayed departure rather than overall delays incurred during a journey.

It follows that I consider that UKI has assessed the claim correctly and has settled for the right amount.

My final decision

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 2 May 2024.

Carole Clark
Ombudsman