

The complaint

Miss A and Mr B complain about how Hamilton Insurance Designated Activity Company (Hamilton) handled their claim against their travel insurance policy. Reference to Hamilton includes its agents.

What happened

In summary, Miss A and Mr B have an annual travel insurance policy underwritten by Hamilton. Their outward flight was cancelled because of a widespread air traffic control failure: there was a software problem with the flight planning system used by the company that provides air traffic control services in the UK. The airline arranged an alternative outward flight for Miss A and Mr B at no extra cost which left 24 hours later than their original outward flight.

Miss A made a claim against the policy in relation to the cancelled flights for her and her family. She said she was looking to reclaim the cost of the cancelled flights. Hamilton declined the claim. It said the policy doesn't cover travel delay as a result of issues with air traffic control. Miss A didn't think that was fair and pursued her complaint. She complains about how Hamilton handled her claim and its decision to decline it.

One of our investigators looked at what had happened. She didn't think Hamilton had acted unfairly in declining the claim. The investigator said the policy doesn't cover what happened here.

Miss A didn't agree with the investigator. She said the cancellation of the outgoing flight wasn't caused by a strike or planned industrial action but was a result of a very rare occurrence. Miss A said there's a list of what the policy doesn't cover and problems with air traffic control isn't on that list. Miss A asked that an ombudsman consider the complaint, so it was 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.

I've taken into account the law, regulation and good practice. Above all, I've considered what's fair and reasonable. The relevant rules and industry guidance say that Hamilton has a responsibility to handle claims promptly and fairly and it shouldn't reject a claim unreasonably. I don't uphold this complaint and I'll explain why:

- Travel insurance isn'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. In general terms, insurers can decide what risks they wish to cover.
- The relevant part of Miss A and Mr B's policy says as follows:

'What is covered:

We will pay up to the amounts shown on the schedule of cover [...] if as a direct result of Strike, Industrial Action (which was not publicly known of at the time You purchased Your Policy or booked Your Trip), adverse weather conditions, or mechanical breakdown:

- 1. The departure of Your first outward or final inward international Public Transport is delayed for more than twelve (12) hours beyond the intended departure time provided You eventually go on Your Trip. [...]*
- 2. The departure of Your first outward international Public Transport is cancelled and no alternative provided within twelve (12) hours of the intended departure time We will pay the cost of buying a replacement ticket.*

- Miss A and Mr B's policy provides cover for delay or cancellation as a result of strike, industrial action, adverse weather conditions or mechanical breakdown. Those are the specified risks. Miss A and Mr B's flight was cancelled as a result of a software issue which caused difficulties in air traffic control. The circumstances of Miss A and Mr B's claim isn't covered under the delayed departure, transport cancellation and abandonment section of the policy. Disruption due to air traffic control failure isn't a specified risk.
- Miss A says the incident which led to their claim isn't listed under '***What is not covered***'. But we wouldn't expect an insurer to list everything that's not covered as it would make the policy document too cumbersome. I think it's sufficient for Hamilton to set out the specified risks it covers, which is what it did here.
- In any event, there's a general exclusion in the policy which provides as follows:
General exclusions
General exclusions applying to all sections
No section of this policy shall apply in respect of:
[...]
43. Any loss, damage, liability, cost or expense caused deliberately or accidentally by:
i) the use of, or inability to, (sic) use any application, software, or programme in connection with any electronic equipment (for example a computer [...])'
- I think what happened here can reasonably be considered to fall within this general exclusion as there was a software problem with the flight planning system used by the company that provides air traffic control services in the UK. So, this further persuades me that it's not fair and reasonable to direct Hamilton to pay the claim.
- I don't think there is any reason to depart from the policy terms and conditions in this case. Lots of travel insurance policies limit the insured risks in a similar way and contain similar exclusions. I'm sorry to disappoint Miss A and Mr B but I don't think it's fair and reasonable to direct Hamilton to deal with their claim.
- There was some delay and confusion in Hamilton's handling of the claim. Whilst Hamilton took longer than we'd expect to decline the claim I don't think the fair resolution of this complaint requires it to take any further action in this case.
- I empathise with the position Miss A and Mr B found themselves in and don't doubt that it was worrying and stressful but, for the reasons I've explained, I don't uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A and Mr B to accept or reject my decision before 29 July 2024.

Louise Povey
Ombudsman