

The complaint

Mr and Mrs W are unhappy that AWP P&C S.A. declined a claim they made on their travel insurance policy.

What happened

Mr and Mrs W cancelled their cruise as Mr W was unwell. They claimed on their travel insurance policy, but the claim was declined because they hadn't purchased cruise cover.

Mr and Mrs W complained to AWP but they maintained that they'd declined the claim fairly. Unhappy, Mr and Mrs W complained to the Financial Ombudsman Service.

Our investigator looked into what happened and upheld the complaint. He didn't think that the renewal documentation had made it clear enough that cruise cover wasn't included. So, he thought that AWP should reassess the claim in line with the remaining policy terms.

AWP asked an ombudsman to review the complaint. In summary, they said the exclusion was clear and they couldn't be expected to highlight the lack of cruise cover as Mr and Mrs W's original policy didn't include cruise cover. So, I need to make 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.

The relevant rules and industry guidelines say that AWP has a responsibility to handle claims promptly and fairly. And they shouldn't reject a claim unreasonably. Information provided by AWP should be clear, fair and not misleading to enable Mr and Mrs W to make an informed choice about whether the policy met their needs.

Furthermore, AWP are required to meet a consumer's needs throughout their relationship, and they must give consumers the information they need, at the right time, to allow them to make an informed decision. AWP must also take reasonable steps to enable consumers to pursue their financial objective (which in this case is arranging a new insurance policy and making a claim) and to act to deliver good outcomes.

On page 38 there is a general exclusion in the policy which says there is no cover for 'any trip that is a cruise or involves a cruise'. AWP relies on this exclusion.

I don't think the policy terms and conditions make it adequately clear and transparent that there is no cover for cruises. I think this was a significant limitation on cover which ought to have been clearly highlighted in the policy documentation.

The lack of cover for cruises isn't mentioned in the Insurance Product Information Document ('IPID'). This isn't mentioned under 'what is not insured?' or 'are there any restrictions on cover?'. So, I don't think Mr and Mrs W's attention would have been drawn to the general exclusion.

Mr and Mrs W would have had to scrutinise the policy terms in detail to understand that there was no cover for cruises. The exclusion appeared on page 38 of the policy document so wasn't clear, transparent or prominent. The summary of cover also didn't indicate that there was a lack of cover for cruises. I think this created a significant imbalance between the rights of the parties. If Mr and Mrs W had realised there was an exclusion for cruises, I think they'd have chosen a policy with cruise cover.

I've taken into account AWP's representations in relation to the sales and renewal process. But they haven't changed my thoughts about the outcome of this complaint. I appreciate that Mr and Mrs W had previously not taken out cruise cover. But at the point of renewal, I don't think it's reasonable to expect Mr and Mrs W to recall what options they had selected the previous year or that they'd have needed to take out an entirely different annual policy which covered cruises. I think it's reasonable to expect that information to be made clear in the policy terms and conditions.

I don't think the information they were provided with at the point of renewal, or the policy documentation I've set out above, clearly highlighted the lack of cover for cruises.

Putting things right

I think AWP needs to put things right by reassessing the claim in line with the remaining policy terms and conditions.

I've thought about whether AWP should be able to reduce the settlement between the cost of the additional premium Mr and Mrs W would have paid if they'd taken out AWP's version of the policy which did cover cruises. I don't think that is fair and reasonable in the circumstances of this case.

If Mr and Mrs W had been aware of the exclusion I think it's likely they'd have looked for alternative cover. It's possible they'd have taken out AWP's policy. But, given the price that AWP has referred to I also think it's likely Mr and Mrs W would have explored the market to source alternative cover. It's difficult to now establish what options would have been available to them at the relevant time. So, I'm not directing the settlement to be reduced by the difference between the cost of the premiums.

My final decision

I'm upholding Mr and Mrs W's complaint and direct AWP P&C S.A. to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 19 June 2024.

Anna Wilshaw
Ombudsman