

The complaint

Mr and Mrs N have complained that UK Insurance Limited (UKI) declined a cancellation claim they made on the travel insurance policy they have linked to a credit card.

What happened

Mr and Mrs N were due to go on a trip abroad beginning on 14 October 2023. The planned destination was an Arab country and they are Jewish. Due to recent events, there were anti-Israeli demonstrations taking place, which they felt had the potential to turn violent. Concerned about safety, they decided to cancel the trip.

UKI declined the claim on the basis that the circumstances are not covered under the policy terms.

Our investigator thought it was reasonable for UKI to decline the claim, in line with the policy terms and conditions. Mr and Mrs N disagree 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.

Firstly, let me say I am very sympathetic to the situation they found themselves in. I understand why they made the decision not to go ahead with the trip. But I need to consider whether the circumstances mean UKI should accept the claim for the costs of the unused travel.

Looking at the policy terms, under 'Section A – Cancelling your trip (before you are due to start your trip)', it states:

'What is covered

We will cover you for..... if you unavoidably need to cancel your trip for one of the following reasons:

The Foreign & Commonwealth Office advising against 'All Travel' or 'All but essential travel' to your intended destination, providing the advice came into force after you opened your Black account or booked your trip (whichever was the later) and was in the 28 days before your departure on your trip.

What is not covered

We will not cover:

any claim resulting from you not wanting to travel or not enjoying your trip:’

At the time of cancellation, the Foreign and Commonwealth Office was not advising against all travel or all but essential travel, as specifically set out in the policy wording. Instead, it advised of the heightened chance of demonstrations and that these should be avoided.

So, based on that, it seems clear that the circumstances are not covered under the cancellation section.

Mr and Mrs N have provided details of news agency articles in support of their decision not to travel. They feel that the Foreign and Commonwealth Office is slow to react and only changes its advice once something actually happens in a country. From their point of view, they made a reasonable and prudent decision not to travel.

But I also note that the policy states, under ‘*General exclusions*’ that:

‘You are not covered for any of the following:

1. War

We will not cover any consequences of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, terrorism or terrorist acts. This exclusion does not apply to section D Emergency Medical and Related Costs or section E Personal Accident.’

Therefore, their claim was likely also not covered due to this exclusion.

They contacted UKI the day before the trip was due to start and were told that they would not be covered for cancellation. However, in spite of that, their concerns were so great that they still decided not to go.

They’ve said that, had they gone and then something had happened to them, they likely wouldn’t have been covered because UKI would have said that, by virtue of travelling, they hadn’t taken reasonable steps to prevent any loss, damage or accident. I take their point, but I cannot consider hypothetical impacts (in terms of what might have happened), only what did happen.

Thinking about what Mr and Mrs N have said, I’ve considered whether it would be fair and reasonable to ask UKI to act outside the policy terms to cover the claim. On balance, I’m not persuaded that would be an appropriate thing to do in this case.

As I have said, I have a great deal of sympathy for the position Mr and Mrs N found themselves in. I’m sure it seems harsh that UKI has declined their claim, despite their valid reasons for cancelling. But, as already mentioned, insurance policies don’t cover every scenario. The policy specifically states that someone isn’t covered for cancellation if the reason is ‘you not wanting to travel’. That is essentially what has happened here, albeit for very understandable reasons.

Overall, I consider that AWP was entitled to rely on the policy terms – and taking the Foreign and Commonwealth Office advice at face value – to reasonably decline the claim. It follows that I do not uphold the complaint.

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 N and Mr N to accept or reject my decision before 3 October 2024.

Carole Clark
Ombudsman