

The complaint

Mr and Mrs B complain that U K Insurance Limited (UKI) declined their claim under their travel insurance. My references to UKI include its agents.

What happened

Mr and Mrs B have travel insurance through a bank account. UKI is the insurer.

Mr and Mrs B and their children were due to fly to a European country for a nine day holiday at 8am on 30 August 2023. At 9.50pm on the evening before the flight they got a text from their outbound flight airline saying the flight was delayed, not to travel to the airport the next morning and it would be in touch the next day. On 30 August the airline told Mr and Mrs B their new flight would be at 10:55pm on 31 August 2023. Mr and Mrs B decided not to go on the holiday for the reasons detailed below. The airline for the outbound flight refunded its flight costs. Mr and Mrs B claimed on the travel insurance for the lost cost of the accommodation and cost of the return flight to the UK which was with a different airline.

UKI wouldn't pay the claim. It said Mr and Mrs B weren't at their point of international departure, the airport, when they were told about the flight delay so the claim wasn't covered under the policy terms. UKI paid £50 to apologise for its delay in responding to Mr and Mrs B's complaint to it.

Mr and Mrs B complained to us. In summary they said:

- The rearranged 10.55pm flight meant they would have arrived in the European country in the early morning on 1 September 2023. Then there would have been more travel to their accommodation so the new journey would have been impractical with their three very young children and having already missed two days of the holiday. They'd looked at alternative flights and travelling by ferry but due to the knock on effect of the air traffic control disruption there was very limited availability and prices were very high.
- They checked their policy which said they would be covered for abandoning their holiday if the flight delay was more than 12 hours. They understood they were covered as their delay would have been about 39 hours from their original flight.
- UKI's stance that they had to be at the airport when they found out about the delay to be covered by the policy was a misinterpretation of the policy terms. And they had sent UKI the information about abandonment claims on our website, which they thought supported their complaint, but UKI hadn't changed its decision.
- They want UKI to pay the claim and compensation to reflect the stress it caused them which they could put towards a replacement holiday. They'd promised their children a holiday later in 2023 once the claim was settled which didn't happen because UKI didn't pay the claim.

Our Investigator said UKI had acted reasonably in declining the claim and paying £50 compensation for Mr and Mrs B's distress and inconvenience.

Mr and Mrs B disagreed and wanted an Ombudsman's decision. They added that they shouldn't be penalised for the airline having been proactive in telling them about the flight delay and stopping their unnecessary trip to the airport.

What I provisionally decided – and why

I made a provisional decision explaining why I was intending to uphold the complaint. I said:

'I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The relevant regulator's rules say that insurers must handle claims promptly and fairly and they mustn't turn down claims unreasonably. I think UKI unreasonably declined the claim. I'll explain why.

Mr and Mrs B have mentioned information on our website which they say supports their complaint. But I decide each complaint on its own individual circumstances.

In this case the airline told Mr and Mrs B about the flight delay in the late evening of 29 August 2023 before an early morning flight the next day. On 28 August 2023 there had been widespread air traffic control disruption in the UK and media reports show the impact of the disruption continued for a few days with airlines telling their passengers not to go to the airport. So I accept what Mr and Mrs B say about the airline telling them not to go to the airport the next morning and that it would contact them with further information.

The policy says:

'Delayed Or Missed Departure (on the day you are travelling)

...

3. Abandoned International Departure (outbound only)

We will cover you for your:

- *unused deposits;*
- *accommodation and travel costs (including car hire, excursions and activities); ...*

that you have paid or legally have to pay if you choose to abandon your trip because your prebooked aircraft, ship or train is delayed beyond the time shown on your travel itinerary at the point of international departure from the UK by more than...

- *12 hours if your trip is scheduled to last five nights or more'.*

The policy defines 'Point of international departure' as *'the airport...from which you leave the UK...on your trip or to which you return at the end of your trip'*.

UKI says the above policy term means that Mr and Mrs B had to be at the airport for the abandonment cover to apply. But my reading of the policy term is that there is no requirement for them to be at the airport in order to be covered for abandonment due to delay, their aircraft has to be delayed at the point of international departure, and it was. I think Mr and Mrs B reasonably read the policy terms in the same way as I have done.

The policy term doesn't provide a list of specified insured events that had to happen for there to be cover for abandonment following delay. And there's no requirement for Mr and Mrs B to have checked in at the airport under the abandonment section of cover. Mr and Mrs B were delayed for the appropriate number of hours in line with the policy terms. They could

abandon their nine day trip if their aircraft was delayed by more than 12 hours, and their aircraft was delayed for about 39 hours. So it doesn't seem fair and reasonable to me for UKI to conclude that by following the airline's instructions not to go to the airport Mr and Mrs B lose the benefit of cover.

I note that one of UKI's letters to Mr and Mrs B said multiple other flights would have been available and they could have contacted UKI to discuss alternative travel. It's not clear whether UKI had taken into account the impact of the ongoing nationwide disruption to flights at the time in saying that 'multiple' other flights were available. But, even if so, there's no requirement in the policy for Mr and Mrs B to contact UKI about alternative travel arrangements for the cover for abandonment to apply.

Overall I think the fair and reasonable outcome in these particular circumstances is for UKI to pay the claim in line with the remaining policy terms and conditions, plus interest as detailed below.

I understand Mr and Mrs B have been frustrated by UKI's response to their claim and their children upset to miss their holiday. From the information I've seen Mr and Mrs B made the claim on 13 September 2023 and UKI told them the claim wasn't covered at the end of September, so within a reasonable period. Mr and Mrs B then complained and UKI issued their final response letter on 27 November 2023, just outside the eight weeks the regulator's rules give to respond to a complaint.

I think UKI was entitled to make a decision based on its interpretation of the policy terms. Although I've reached a different decision this isn't, of itself, a reason to award compensation where, as here, the claim decision was made reasonably quickly. I think UKI's £50 compensation payment for Mr and Mrs B's distress and inconvenience at the small delay in responding to their complaint was fair. There's no basis for me to say it should pay further compensation'.

Responses to my provisional decision

UKI and Mr and Mrs B accepted my provisional 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.

As UKI and Mr and Mrs B accept my provisional decision I've no reason to change my mind. For the reasons I've given in my provisional findings and these findings I think UKI unreasonably declined Mr and Mrs B's claim. I uphold the complaint. UKI must pay the claim in line with the remaining policy terms and conditions, plus interest as detailed below. I think UKI's £50 compensation payment for Mr and Mrs B's distress and inconvenience at the small delay in responding to their complaint was fair. There's no basis for me to say it should pay further compensation.

My final decision

I uphold this complaint.

I require U K Insurance Limited to pay the claim in line with the remaining policy terms and conditions. Simple interest* should be added at 8% a year from the date of claim to the date of settlement.

*If U K Insurance Limited considers that it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mr and Mrs B how much it's taken off. It should also give Mr and Mrs B a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

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

Nicola Sisk
Ombudsman