

## The complaint

Miss C and Mr D are unhappy that Ageas Insurance Limited (Ageas) hasn't fully settled their travel insurance claim.

## What happened

Miss C and Mr D took out an annual travel insurance policy in 2020. Ageas was the underwriter on the policy.

In August 2020, Miss C and Mr D had to cancel their trip due to the emergence of the Covid-19 pandemic. They submitted a claim for the cancellation of their trip due to Covid-19. Ageas declined the claim and Miss C and Mr D brought their complaint to this service at that time. Our investigator upheld the complaint. She recommended Ageas settle the claim subject to the remaining terms and conditions of the policy and add 8% simple interest per annum from the date of the claim to the date of payment.

Ageas offered to settle the claim by paying £166.53 for the cost of five unused flights, less the excess for each person. Ageas said there was no evidence for accommodation costs provided by Miss C and Mr D. They raised a new complaint.

Ageas made a further payment of £956.40 for the accommodation for five people. Ageas calculated this cost based on the cancellation fee applied for trips cancelled before 11 August 2020. In its final response, Ageas said the settlement had been calculated correctly and the 8% simple interest was calculated from 6 June 2024 to 21 August 2024. And it accepted delays were caused in progressing the claim from June 2024 to August 2024, so it offered £100 compensation for this.

On 23 August 2024, following its final response, Ageas made an additional payment to Miss C and Mr D. It accepted that it had applied the excesses incorrectly. So, it paid a further £749 as the policy was taken out with an excess waiver.

On 2 September 2024, another payment was made by Ageas for £611.02. This consisted of an additional payment of £31.85 for the accommodation costs and £579.17 plus the 8% simple interest it omitted to pay for the days in between 15 November 2020 and 3 September 2024.

Miss C and Mr D remained unhappy and brought their complaint to this service. Our investigator upheld the complaint. She recommended:

- Ageas should pay for Mr D's portion of the flight which is £227.98 as the claim is for six people not five people.
- Ageas should cover the full cancellation cost of the accommodation and not rely on the exclusion to apply the cancellation fee.
- Ageas should add 8% simple interest per annum to be calculated on these additional payments from 15 November 2020 to the date of payment.
- Ageas pay a further £300 compensation for the distress and inconvenience caused to Miss C and Mr D.

Ageas has accepted the investigator's recommendation to pay a total of £400 compensation to Miss C and Mr D.

And in terms of the settlement amount Ageas has now offered £619.87. This includes the cost for Mr D which it previously omitted in error but for one week rather than two weeks. Ageas didn't agree to settling the claim for the full cancellation of the accommodation.

The complaint has therefore been 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.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So, I've considered, amongst other things, the terms of this policy and the circumstances of Miss C and Mr D's claim, to decide whether I think Ageas treated them fairly.

Ageas has accepted the investigator's recommendation to pay a total of £400 compensation to Miss C and Mr D. As this is no longer in dispute, I won't be commenting on this further except that Ageas should now arrange to make any outstanding compensation payment to Miss C and Mr D. I've explained this further in the putting things right section below.

The key issue is that whilst Ageas has accepted the claim for the cancellation of travel and accommodation costs, it doesn't agree that the cancellation cost of the accommodation should be fully settled.

I also note that in the previous complaint Ageas accepted the investigator's findings. It agreed to settle the complaint for the full cancellation costs for travel and accommodation and pay 8% simple interest per annum. So, I think it's unreasonable to raise the issue again. However, for completeness, I'll explain below.

The relevant terms and conditions of Miss C and Mr D's policy states:

*'SECTION A - TRAVEL COVER*

*CANCELLATION AND CURTAILMENT*

*What you are covered for*

*We will pay you up to the amount shown in the summary of cover for the unused portion of your travel and accommodation costs that you have paid or contracted to pay and you suffer a financial loss because you cannot get a full refund if you cancel before the start of your trip'*

And the policy terms and conditions also state there's no cover for any extra charges incurred from the company the trip was booked with because of the policyholder's failure to notify them immediately that it was necessary to cancel would not be covered.

In terms of the flight costs, Mr D joined the party in the second week and Ageas has agreed to cover the cost incurred for this as it omitted this in error. I think this is fair and reasonable.

With regard to the accommodation costs, Ageas has said Miss C and Mr D should have cancelled their trip sooner. So, it paid the cancellation cost that would have been applicable

as if Miss C and Mr D cancelled their trip on or before 11 August 2020. It said Miss C and Mr D would have been aware of the possibility of cancellation when they renewed their policy in April 2020.

I've reviewed the information carefully. I note Ageas says when Miss C and Mr D cancelled their trip Covid-19 was a known event. However, it was also an unprecedented event, and I don't think it's reasonable to say that they would have known what was likely to happen at the time. The government guidance at the time was changing constantly and rapidly. They were due to depart on 18 August 2020 and the Foreign, Commonwealth and Development Office (FCDO) advised against all but essential travel to the country on 27 July 2020. The advice was still in place on 18 August 2020. This wasn't one of the specific listed insured events that had cancellation cover under the policy. So, strictly speaking the claim wasn't covered.

But the industry guidance and our approach at the time was that it wasn't fair or reasonable in the circumstances for Miss C and Mr D to have no cover at all if they cancelled their trip. This service considered Covid-19 as an unprecedented event, and it was unfair for travellers to foresee the rapidly changing environment and the evolving change in guidance. Essentially the effect of the policy was that Miss C and Mr D weren't covered if they followed the FCDO advice and cancelled their trip, but they also had no cover if they travelled abroad. And they would have had no cover at all when the FCDO advice changed, and this created a significant imbalance between the two parties. For those reasons, our investigator recommended that Ageas cover the full cost of the cancelling the trip. And as I said above, Ageas accepted this at the time.

Having reviewed whether the full cancellation cost of the accommodation should be covered under Miss C and Mr D's policy, I think it's fair and reasonable that Ageas now fully settle these costs and add 8% simple interest per annum.

### **Putting things right**

I require Ageas to put things right by:

- Settling Mr D's unused portion of the flight cost.
- Settling the full cancellation costs of Miss C and Mr D's unused accommodation.
- \*Adding 8% simple interest per annum to these additional amounts settled from the date of the claim to the date of payment.
- Settle any outstanding compensation payment totalling £400.

If this takes longer than 28 days, Ageas must give Miss C and Mr D a meaningful update setting out the timeframe when they will receive the payments.

\*If Ageas Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from any interest paid, it should tell Miss C and Mr D how much it's taken off. It should also give them a certificate showing the amount deducted, if requested, so they can reclaim it from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons given above, I uphold Miss C and Mr D's complaint about Ageas Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C and Mr D to accept or reject my decision before 19 December 2024.

Nimisha Radia  
**Ombudsman**