

## **The complaint**

Mr and Mrs H have complained that The National Farmers' Union Mutual Insurance Society (NFU) declined their travel insurance claim. They have also complained about some aspects of the claims handling.

As it is Mrs H leading on the complaint, I will mostly just be referring to her in this decision.

## **What happened**

In January 2024, Mr and Mrs H booked a holiday with a departure date of 2 November 2024. In late February 2024 they found out that Mrs H was pregnant, with an estimated due date of 28 October 2024. They subsequently cancelled the trip, the reasons being twofold:

- The proximity of the due date to the planned departure date
- Even if it was possible to travel with the baby so close to the birth, or to re-arrange the trip for later, the destination was an adult-only resort.

NFU declined the claim on the basis that the circumstances were not covered under the policy terms.

In responding to the complaint, NFU maintained its decision to decline the claim. However, it offered £100 compensation for some poor service, which Mrs H declined.

Our investigator thought that NFU had acted fairly in declining the claim, in line with the policy terms. Mrs H disagrees 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 NFU by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for NFU to handle claims promptly and fairly, and to not unreasonably decline a claim.

Insurance policies aren'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. The test then is whether the claim falls under one of the agreed areas of cover within the policy.

Looking at the policy terms, under the 'Cancellation Expenses' section, it states:

*'What is insured*

*The reasonable costs of cancelling, cutting short (including unused travel and accommodation costs) or rearranging YOUR TRIP, incurred as a result of one of the following events:*

• *death, PHYSICAL INJURY, ILLNESS (confirmed by YOUR MEDICAL PRACTITIONER), compulsory quarantine or SELF-ISOLATION of YOU or YOUR CLOSE RELATIVE, business associate or travelling companion.*

*What is not insured*

*If YOU choose to cancel or cut short YOUR TRIP due to an event or circumstances which are not insured under the cancellation expenses section.'*

The definition of 'Physical injury is:

*'An identifiable bodily injury caused by sudden, unexpected, external and visible means including injury as a result of unavoidable exposure to the elements.'*

The definition of 'Illness' is:

*'any sudden and unexpected deterioration in health not caused by bodily injury.'*

Normal pregnancy doesn't fit within the definitions of illness or physical injury. Therefore, it is clear from the above clause that pregnancy is not an insured event under the cancellation part of the policy.

Most, if not all travel policies, don't offer cancellation cover due to a normal pregnancy. Even though Mrs H's pregnancy was unexpected, it wasn't unexpected in the same way as illness or injury.

Mrs H has concerns about NFU, and indeed the wider insurance industry, discriminating against pregnancy.

It's important to make clear that we are not the industry regulator. We have no power to regulate the financial businesses we cover, nor to direct them to change their processes or procedures. Our role is to investigate individual complaints to decide whether, in the specific circumstances of that complaint, a business has done something wrong that it needs to put right.

Our investigator is correct in also saying that this service cannot make findings on whether or not the Equality Act 2010 has been breached, as that is a matter for the courts. However, in reaching my decision, I do of course take relevant law, amongst other things, into account.

Strictly speaking, the cancellation claim was not declined on the basis that Mrs H was pregnant. It was declined because there was no evidence of her having an illness or physical injury, or of the circumstances of the cancellation being due to any other insured event.

She's talked about other people, who don't have protected characteristics under the Equality Act, being covered under the policy for things like death of a relative or suffering damage to their home. But she would have been covered for those things as well, and her pregnancy would not have been a barrier to that. So, I'm not persuaded she was treated unfavourably or differently simply for being pregnant.

Mrs H has said that, when she first called NFU, having not yet cancelled the holiday, she should have been able to rely on the adviser to tell her the best way to approach the situation. As I understand it, she's suggesting she should have been told to delay a claim and see what unfolded over the next few months. I don't think it would be reasonable to expect NFU to give advice to not cancel the trip yet, based on a hypothesis that she might

be able to benefit from the policy if her health deteriorated. The bottom line is that Mrs H knew at that point that she was going to have to cancel the trip, for the two bullet-pointed reasons above.

Mrs H says NFU has disregarded other reasons for the cancellation, such as being unable to take a baby to an adult only resort and the medical and practical considerations created by the proximity of the due date and departure date. However, those reasons are not insured perils under the policy terms either.

I have a great deal of sympathy with Mrs H's situation. At the time of booking the holiday, she didn't know she was going to become pregnant. Her reasons for cancelling the trip are completely understandable. However, like all insurance policies, the availability of cover is subject to specific terms and conditions. So, the matter at hand is whether Mrs H's circumstances are covered under the policy terms – and I'm afraid to say that they are not.

I've thought about whether it would be fair and reasonable in this case to ask NFU to act outside of the policy terms, to settle the claim. However, I don't think that would be appropriate in this instance. Overall, I'm satisfied that it was reasonable for NFU to decline the claim, in line with the policy terms and conditions.

I'll turn now to the claims handling. Mrs H has said that this whole dispute has made the wonderful experience of an unexpected pregnancy and new parenthood unnecessarily stressful. I'm very sorry to hear that. The dispute is mainly due to the claim being declined, which I've decided that NFU did reasonably. However, there was some poor service in that Mrs H didn't receive a promised call back and there was some insensitivity around the topic of complications during pregnancy. On balance, I'm satisfied that the £100 compensation offered by NFU is a fair amount of compensation for the distress and inconvenience caused.

### **My final decision**

For the reasons set out above, my decision is that I do not uphold the complaint. However, The National Farmers' Union Mutual Insurance Society should pay Mr and Mrs H £100 for distress and inconvenience if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 10 January 2025.

Carole Clark  
**Ombudsman**