

The complaint

Mr S is unhappy that AWP P&C SA declined a claim he made under his travel insurance policy.

What happened

Mr S had a travel insurance policy, provided through his packaged bank account. The policy provided cover for various pre-departure and post-departure risks.

Mr S has explained that he was due to travel abroad on 27 March 2023. But he was unable to go on his trip as planned. This was because the airline he was due to fly abroad with cancelled his flight – and it wasn't possible to get another flight. Because Mr S couldn't go on his trip, the non-refundable accommodation he'd booked abroad was unused. So, Mr S contacted his travel insurer, AWP, to make a claim for lost accommodation costs.

AWP declined to cover Mr S' loss. It said that the situation Mr S found himself in wasn't covered by the policy. Mr S didn't agree, so he complained about the matter. But AWP maintained its position. As Mr S remained dissatisfied, he referred his complaint to this service for an independent review.

Our investigator considered this complaint and didn't think it should be upheld. They said the cancellation section of Mr S' policy didn't cover the particular situation he found himself in. And neither did the travel disruption part of the policy. So, they thought AWP has acted fairly in declining the claim.

Mr S didn't agree. He said that his policy did provide cover under the cancellation section for unused accommodation costs. And he said there was nowhere else in the policy that explained these costs weren't covered. Mr S said he's also not heard of a travel insurance policy that didn't cover these costs. So, he remained of the opinion that AWP had acted incorrectly.

As Mr S didn't agree, this complaint has been referred 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.

Having done so, I've decided not to uphold this complaint. I appreciate this will be disappointing for Mr S – it's clear he feels strongly about the matter. But I'd like to reassure the parties that I have considered all information provided to me, when arriving at my decision. However, when detailing my decision, I've only referred to evidence where necessary to explain my reasoning. This isn't intended as a discourtesy – but reflects the informal nature of this service.

When considering complaints such as this, I need to consider the relevant law, rules and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that

an insurer must deal with a claim promptly and fairly, and not unreasonably decline it. So, I've thought about whether AWP acted in line with these requirements when it declined to settle Mr S' claim. And I'm satisfied it did act in line with these requirements.

I've reviewed Mr S' policy documentation, to see what cover the policy provided. On doing so, I'm aware that Mr S' policy does provide up to £5,000 of cover, including for unused accommodation, due to the cancellation of a trip. But, as is usual with policies of this nature, the cancellation section doesn't cover a trip being cancelled in all circumstances. Instead, the reason for trip being cancelled must be one of those listed in the section as covered, for the policy to respond. If the reason the trip was cancelled isn't listed here, then the loss isn't covered, and the claim won't be settled.

The section lists several reasons where cancellation is covered. For example, death of the policyholder or travelling companion, being called for jury service, or compulsory redundancy. I've thought about whether the reason Mr S' trip was cancelled falls into one of those reasons listed as covered in the section. But it doesn't. Mr S' trip was cancelled due to his flight being cancelled. This isn't a reason listed as covered. So, I'm satisfied AWP acted reasonably in not covering Mr S' loss under this section.

I've considered whether there are any other sections of the policy that covers Mr S for the situation he was in. But, having reviewed the remainder of the policy, I'm satisfied there isn't. None of the other sections say it covers costs incurred due to cancellation of a flight in such a way as Mr S experienced. So, I find that AWP acted fairly, and in line with the terms of Mr S' policy when it declined this claim.

My final decision

Given the above, my final decision is that I don't uphold this complaint. So, I don't require AWP P&C SA to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 November 2023.

Rachel Woods
Ombudsman