

The complaint

Mr and Mrs I complain that Astrenska Insurance Limited has turned down a cancellation claim they made on a travel insurance policy.

What happened

Mr and Mrs I took out a travel insurance policy through a broker, which was underwritten by Astrenska. They booked a holiday abroad through a travel agent and they were due to travel in early March 2023. Unfortunately, on the day before they were due to travel, Mr and Mrs I were unable to find their passports. They say they let their travel agent know what had happened and the travel agent told them that it couldn't arrange new flights. They've told us that the travel agent cancelled their holiday. So they made a cancellation claim on the policy. They went on to find the passports a few hours after the flight had departed.

Astrenska turned down Mr and Mrs I's claim. It said that the policy only covered passports which were lost – in Mr and Mrs I's case, their passports had been temporarily mislaid. And in any event, it said that claims were only covered if a passport was lost, stolen or damaged as a result of fire, theft or water in the three days before a policyholder was due to start their trip. As Mr and Mrs I's passports hadn't been damaged by fire, water or lost due to theft, Astrenska concluded that their claim wasn't covered.

Mr and Mrs I were unhappy with Astrenska's decision and they asked us to look into their complaint.

Our investigator thought Mr and Mrs I's complaint should be upheld. She didn't think the policy excluded the temporary loss of passports. And she thought the claim was otherwise covered. So she recommended that Astrenska settle Mr and Mrs I's claim, together with interest.

I issued a provisional decision on 16 October 2023, which explained the reasons why I thought it had been fair for Astrenska to turn down Mr and Mrs I's claim. I said:

'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 policy terms and the circumstances of this claim, to decide whether Astrenska treated Mr and Mrs I fairly.'

'I've first considered the policy terms, as these form the basis of the contract between Mr and Mrs I and Astrenska. Mr and Mrs I made a cancellation claim, so I think it was reasonable and appropriate for Astrenska to consider the claim in line with the cancellation section of the policy. This says:

'We will pay you up to the amount shown in your policy Schedule for your share of any irrecoverable unused travel and accommodation (including excursions), and other pre-paid charges which you have paid or are contracted to pay. You are also covered for any additional travel expenses incurred if you are forced to cancel any part of your trip prior to its commencement. This must be as a direct and necessary result of any cause outside of your

control, which was unforeseen at the start date of your policy or at the time of booking your trip, whichever is the later.'

The cancellation section of the policy also includes a list of specific events which aren't covered. One of these states:

'What is not covered

Any claim as a result of your failure to have the required passport or visa, unless either has been lost, stolen or damaged as a result of theft, fire or water during your trip, or in the three days prior to starting your trip.'

It's common ground that Mr and Mrs I's trip was cancelled because they'd lost their passports. This was the direct cause of the trip cancellation. In my view, Astrenska's terms make it clear that it won't cover cancellation claims caused by a policyholder's failure to have their passport unless it's been lost, stolen or damaged as the result of theft, fire or water - either during a trip or in the three days prior to the trip beginning. I don't find the clause to be ambiguous or misleading and I don't think it's been drafted in an unclear way.

I appreciate Mr and Mrs I's passports were lost in the three days prior to the start of their trip. But I think this particular policy term has been drafted sufficiently clearly to highlight that in order for a claim to be covered, the passport loss would've needed to be caused by theft, fire or water. And based on what Mr and Mrs I have told us, their passports weren't lost or damaged by any of these three causes. Instead, they simply weren't able to find them until after their holiday had already been cancelled.

On that basis then, whilst I sympathise with Mr and Mrs I's position, I don't currently think it was unfair or unreasonable for Astrenska to conclude that their claim wasn't covered by the policy terms. So it follows that I find it was fair for Astrenska to turn down this claim. And I don't currently think there are any reasonable grounds upon which I could direct Astrenska to accept and pay it.'

I asked both parties to send me any further evidence or comments they wanted me to consider.

Astrenska didn't respond by the deadline I gave.

Mr and Mrs I didn't agree with my provisional findings and I've summarised their response. They said they still felt their claim was valid. They considered the passport clause was restrictive and that this restrictiveness hadn't been made clear. They queried whether this service had upheld other claims relating to the loss of passports and they said they considered they'd lost out as a result of being honest about the reason for their claim. They referred to media articles which they considered supported their position.

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, whilst I'm very sorry to disappoint Mr and Mrs I, I still don't think it was unfair for Astrenska to turn down their claim and I'll explain why.

First, I must make it clear that Mr and Mrs I's policy was sold by a broker. Astrenska didn't sell the policy to Mr and Mrs I and so it wasn't responsible for highlighting key terms at the point of sale.

As I've set out above, I think Astrenska's policy terms make the cancellation cover it provides sufficiently clear. And in my experience, it isn't unusual for travel insurers to exclude cancellation claims which arise because a policyholder doesn't have their passport or the appropriate visa.

It's important I make it clear that each complaint is considered on its own individual facts, merits and the applicable policy terms. So I've reached a decision on Mr and Mrs I's complaint taking into account the terms of this particular contract of insurance and the specific facts of the case (amongst other relevant considerations).

I've carefully considered the information Mr and Mrs I have sent me. But overall, whilst I sympathise with Mr and Mrs I's position, I don't think it was unfair or unreasonable for Astrenska to turn down their claim.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that I don't uphold this complaint,

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs I and Mr I to accept or reject my decision before 18 December 2023.

Lisa Barham
Ombudsman