

The complaint

Mr R and Miss Y have complained that UK Insurance Limited (UKI) declined a claim they made on a travel insurance policy.

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

What happened

Mr R and Miss Y began a holiday in the UK on 28 October 2023. This involved taking a train to stay four nights in rented accommodation in one location (town A), then spending three nights in a hotel in another location (town B), which they were to reach by ferry. They were then going to get the ferry back to town A, spend one more night there before getting the train home the next day.

Unfortunately, there was very bad weather in the area due to a named storm. Two days into their trip they were informed by the ferry operator that the ferry had been cancelled. So, as they were unable to get to the hotel in town B, they booked three nights in alternative accommodation elsewhere on the mainland instead and then caught the train home a day earlier than originally intended.

Their claim is for the cost of the unused accommodation. UKI declined the claim on the basis that the circumstances are not covered under the policy.

In dealing with the complaint, UKI offered £100 to reflect a shortfall in its customer service. However, it maintained its decision to decline the claim.

Our investigator thought that UKI had acted fairly in declining the claim, in line with the policy terms and conditions. Mr R and Miss Y disagree with the investigator's opinion 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 UKI by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for UKI 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.

The cancellation section of the policy states:

'Cancelling your Trip (up to the point of departure)

This section provides cover if you need to cancel your trip. The cover starts when you book the trip and ends when you reach your point of departure.'

'Point of Departure' is defined as:

'The airport, port or station from which you leave or to which you return during your trip.'

Based on the above, it is clear that this part of the policy is only in operation during the period before a trip starts. Their point of departure was the train station at the start of their trip. And they did not cancel their holiday but left as planned on 28 October 2023.

Nevertheless, in responding to the complaint, UKI does appear to have considered the claim under the cancellation clause with regard to Miss Y's argument that the storm was a natural disaster and natural disaster does feature in the table of reasons where cancellation is covered, which states:

'10. Natural disaster: you are unable to use your pre-booked and pre-paid accommodation due to the immediately surrounding area being badly affected by a natural disaster.'

Miss Y has provided some information from the Met Office about the severity of the weather conditions. However, I haven't seen any evidence that the hotel in town B, or the immediately surrounding area, was directly affected by the storm. Miss Y was planning to make further enquiries with the hotel but no additional information has been submitted to this service. It seems to me that they would have made use of the hotel had they been able to get to it. And the hotel didn't cancel their booking, which it seems likely it would have done had the accommodation been unusable.

I appreciate that the storm prevented them from reaching town B and that Miss Y considers that the fact of the ferry being cancelled demonstrates the seriousness of the storm risk in the area. However, I consider that the intention of the policy is to provide cover where the accommodation is unsafe to stay in due to the close vicinity being directly affected, rather than any impact on the route to get there.

Overall, I'm satisfied that there is no cover under the cancellation part of the policy.

Under the 'Missed, Delayed or Abandoned Departure' section of the policy it states:

'This section provides cover if:

- You are unable to reach your point of departure or connection in time due to one of the reasons listed below.*
- You are delayed for more than two hours after check in.*
- You are unable to return to the UK on your planned return date.*
- You choose to abandon your trip following a delay of 12 hours or more (six hours for a trip of four nights or less).*

Abandoned Departure (outbound only)

We will pay up to £5,000 for each Insured person for their portion of the trip costs if you choose to abandon your trip on your outward journey at your point of departure because your pre-booked aircraft, ship or train is:

1. Delayed by more than 12 hours (6 hours for a trip of four nights or less) beyond the departure time shown on your travel ticket on your outward journey.

2. Cancelled following a delay and your transport operator is unable to provide you with a replacement from your point of departure within 12 hours of the original departure time on your outward journey.'

In this case, the ferry wasn't delayed, or cancelled following a delay. The operator cancelled the ferry two days beforehand. So, the scenario does not meet the criteria for cover under the abandoned departure section.

Obviously the severity of the weather and the ferry being cancelled were circumstances beyond Mr R and Miss Y's control. However, the question is whether those particular circumstances are covered under the policy terms – and unfortunately, they are not.

So whilst I know it will be disappointing to them, I consider that UKI acted reasonably in declining the claim, in line with the policy terms and conditions.

In terms of the amount of compensation offered by UKI, I think that £100 is a fair and proportionate amount for the poor service that occurred. So, I won't be asking UKI to do anything more.

My final decision

For the reasons set out above, I do not uphold the complaint. However, UK Insurance Limited should pay the £100 compensation it offered for poor service now, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Miss Y to accept or reject my decision before 5 June 2024.

Carole Clark

Ombudsman