

The complaint

Mr and Mrs F have complained that Society of Lloyds (SoL) declined a claim made on their travel insurance policy.

What happened

Mr and Mrs F had planned to go abroad for a long weekend in December 2022. This involved taking a domestic flight to connect with an international flight.

The first flight suffered a mechanical failure and its departure was delayed by 3 hours and 3 minutes. This meant that Mr and Mrs F missed their connecting flight, which had departed on time. They stayed overnight in a hotel close to the hub airport, in the hope of being able to get a flight to their destination the next day. However, as there were no available flights the following day, they abandoned the trip and returned home.

SoL declined the claim on the basis that the circumstances are not covered under the policy terms.

In responding to the complaint, SoL acknowledged that Mr F's emails hadn't been responded to as promptly as they should have been. So it offered £150 compensation. However, it maintained its decision to decline the claim.

Our investigator thought that SoL had acted unfairly in declining the claim. SoL disagrees 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 SoL by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for SoL to handle claims promptly and fairly, and to not unreasonably decline a claim. Looking at the policy terms under Section 12 for 'Travel Delay and Abandonment', they state:

'YOU are covered

- 1. for compensation as shown in the Table of Benefits in the event that the initial departure of the aircraft, coach, sea vessel or train in which YOU have arranged to travel is delayed due to strike, riot, civil commotion, industrial action, adverse weather conditions, traffic flow congestion or mechanical breakdown;*
- 2. up to the final invoiced paid costs of the TRIP not exceeding the amount stated in the Table of Benefits if YOU decide to abandon YOUR outward TRIP after a delay of at least the period shown in the Table of Benefits.*

The period of delay will be calculated from the time shown in the official travel itinerary as supplied to YOU. If the flight on which YOU were booked is cancelled, the period of delay will be calculated using the actual departure time of the flight on which YOU travelled or the first flight offered to YOU on which YOU could have travelled, whichever is the sooner or, if YOU did not continue the TRIP, the time of cancellation.

YOU may CLAIM compensation under sections 12.1 or 12.2 but not both.'

The Table of Benefits sets out cover of £25 per complete 12 hours for delay, up to a limit of £500. For abandonment, there is a cover limit of £5,000 after 24 hours of delay.

SoL declined the claim under section 12.1 on the basis that the flight was delayed for less than 12 hours. Furthermore, it declined the claim for abandonment under section 12.2 because the delay did not exceed 24 hours. SoL's position is that the first flight would have had to be delayed for more than 24 hours for an abandonment claim to succeed.

It is only clause 12.1 that specifically limits the benefit for delay to the initial departure. Clause 12.2 makes no mention that abandonment following a delay relates only to the first leg of a trip.

SoL believes it is clear that the cover applies to delays in the commencement of travel and not a delay after the journey has commenced. As such, it has made an argument that the scenario falls more appropriately under the definition of curtailment – but that a missed connection is not covered under curtailment.

It might be SoL's intention that abandonment only applies prior to the start of a trip, but I disagree that the wording in clause 12.2 makes that clear.

Even if I accepted SoL's position about the wording, I can depart from a strict application of the contract terms if I conclude they produce an unfair result.

Mr and Mrs F's first flight suffered a mechanical breakdown, which is an insured event. It's common for travellers to use connecting flights, so they might reasonably expect that the insurance would provide some benefit for any consequences of that insured event, regardless of what stage in the journey the delay occurred. The impact of the initial delay resulted in a subsequent longer delay of over 24 hours, after which Mr and Mrs F decided to abandon their trip and return home.

The Missed Departure section provides cover for any additional transportation and accommodation expenses required to complete the journey. However, Mr and Mrs F would not be covered under this section as they did not complete their trip. SoL has asked why the onward journey couldn't be completed by taking a later flight, although it didn't ask for this information until September 2023.

Mr F has explained that he was on the phone to both the airline and travel agent. Having got through to the airline initially, they told him to go to their desk at the airport, but there wasn't one. After that he was unable to get through to the airline again. He spoke to the travel agent who said they would try to get them transferred onto another flight the following morning. So, they stayed in a hotel overnight on that basis. However, as it turned out, there were no available flights the following day.

As Mr F was trying to sort this out over the phone, he hasn't been able to provide any written evidence of the unavailability of flights. He says that if other flights had been available, they would have taken them, having stayed overnight in a local hotel for that purpose. Mr F has provided a credible account of what happened and I have no reason to doubt his version of

events. So, I don't think that SoL needs any more information about alternative flights to consider the claim.

Having looked at all the available evidence, I consider it would be fair and reasonable for SoL to accept the claim for abandonment.

Putting things right

I'm upholding this complaint and direct SoL to put things right by:

- Settling the claim for abandonment and adding 8% simple interest per annum to the claim payment. This should be calculated from the date the claim was first declined until the date the claim is settled. If SoL considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs F how much it's taken off. It should also give them a tax deduction certificate if they ask for one so they can reclaim the tax from HM Revenue & Customs if appropriate
- Pay the £150 compensation already offered for poor service, if it hasn't already done so.

My final decision

For the reasons I've explained, I uphold the complaint and require Society of Lloyd's to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask X and Mrs F to accept or reject my decision before 12 June 2024.

Carole Clark

Ombudsman