

The complaint

Mrs S complained that American International Group UK Limited (AIG) hadn't paid her cancellation claim under her travel insurance policy. Mrs S is represented by her husband in her complaint, but I'll just refer to Mrs S.

What happened

Mrs S had a travel insurance policy insured by AIG. When Mrs S complained to us she said she'd made a claim on the policy for her financial loss due to an airline cancelling her flight to travel abroad.

Mrs S complained that AIG wanted the airline to provide confirmation of the flight cancellation and the reasons for the cancellation before it would assess the claim. In summary she said:

- She'd paid for travel insurance to protect her from travel disruption.
- The airline refused to provide an explanation for the cancellation but she'd sent AIG copies of her emails with the airline to show she'd tried to get the information AIG wanted.
- She'd shown AIG that an insurable loss had occurred.
- She wanted AIG to pay her loss which she said £1,867.76 for the replacement flight she had to book. The original booking that was cancelled by the airline cost £1,072.96.

During our investigation Mrs S provided a response from the airline to her claim to the airline for flight costs reimbursement (the CEDR form). The CEDR form said Mrs S was travelling to her destination country by a connecting flight. Before she travelled the connecting flight time was changed so she no longer had the minimum connecting time recommended at the relevant airport. The airline said it had told Mrs S' travel agent that the agent needed to amend the booking details within a specified timescale otherwise the airline would cancel the booking and the travel agent failed to act. Mrs S' booking was cancelled but the flights went as scheduled.

When AIG received the information in the CEDR form it declined the claim on the policy. AIG sent Mrs S a letter setting out why it considered the circumstances of her claim weren't covered by the policy terms. Mrs S disagreed with AIG's decision.

Our investigator said AIG had acted fairly by wanting the information from the airline before it made a decision about the claim. And she said AIG's decline of the claim was reasonable.

Mrs S disagrees and wants an ombudsman's decision. She said her travel agent had re-confirmed the flight booking within the given timescales which the airline ignored and cancelled her booking which led to her replacement flight additional costs. She referred to some wording in the policy which she said meant her claim was covered.

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.

The relevant regulator's rules say that insurers must handle claims promptly and fairly and they mustn't turn down claims unreasonably.

I'm sorry to disappoint Mrs S but I think AIG acted fairly and declined the claim reasonably. I'll explain why.

The 'Trip Curtailment & Interruption' section of the policy lists the claims evidence required for such claims, which *'may include... Cancellation invoice or letter confirming whether any refund is due for the unused part of Your Trip' or/and 'An official letter from Your carrier confirming the cause and length of the delay for interruption'.*

I'm satisfied that AIG acted in line with the policy terms, and fairly, in wanting confirmation of the flight cancellation and the reasons for the cancellation from the airline before it would assess the claim. When AIG received more information from the CEDR form it assessed the claim promptly and wrote to Mrs S setting out the reasons it was declining the claim.

I'm satisfied that AIG reasonably declined the claim. Mrs S says the policy covers trip cancellation and refers to the policy wording which says:

'Each benefit has a specific coverage period during Your Period of Insurance as follows:

Coverage during Your Period of Insurance for policies purchased with a Flight only:

1. Cover for Trip Cancellation & Postponement (wherever applicable) starts at the later of:

- the time You book Your Trip; or*
- pay the insurance premium'.*

And Mrs S says that AIG's policy exclusions only apply to cancellation by the insured, not to cancellation by a third party which is what happened.

The policy wording and exclusions Mrs S referred to don't mean her claim is covered. The Insurance Product Information Document, which gives a summary of the key parts of the policy, says there's cover to cancel, postpone, cut short or interrupt the trip for specified reasons. As is usual for travel insurance policies, for the claim to be covered under the policy terms the circumstances of the claim have to be an event that's insured under the policy.

AIG's letter to Mrs S set out the covered insured events under the Trip Cancellation & Postponement section and the Trip Curtailment & Interruption section. AIG reasonably concluded that the airline cancelling Mrs S' booking in these circumstances aren't an insured event under the policy. It doesn't matter whether the booking cancellation was the fault of the airline or the travel agent, I don't think the policy terms cover the claim's circumstances. The cover AIG provides under the policy isn't unusual. There's no basis on which I can reasonably say AIG must pay the claim.

Our investigator suggested Mrs S pursue the matter with the travel agent or raise a chargeback with her card provider if relevant, which may be time limited. That's for Mrs S to action if she wishes. The complaint she made to us was about AIG and I've explained why I think AIG acted fairly and declined the claim reasonably.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 28 December 2023.

Nicola Sisk
Ombudsman