

## **The complaint**

Mr and Mrs D complain that Chaucer Insurance Company Designated Activity Company has turned down a cancellation claim they made on a travel insurance policy.

## **What happened**

Mr and Mrs D are insured under a group travel insurance policy. Mr and Mrs D had been booked to travel abroad. They'd booked flights and hotel accommodation separately.

As a result of the Covid-19 pandemic, Mr and Mrs D's trip had to be postponed on more than one occasion. Ultimately, Mr and Mrs D rescheduled their trip and were due to travel in October 2022. However, in June 2022, Mr and Mrs D's airline cancelled their flights. And at this point, the hotel refused to change the accommodation booking dates.

Mr and Mrs D said they'd tried to find alternative flights in order to allow them to make use of the hotel booking, but they weren't able to do so. Therefore, they cancelled the hotel booking and in July 2022, they made a claim on the travel insurance policy for their lost accommodation costs.

Chaucer turned down Mr and Mrs D's claim. It said the circumstances of the claim weren't covered by the cancellation section of the policy.

Mr and Mrs D were unhappy with Chaucer's decision and they asked us to look into their complaint. They considered that the cancellation and curtailment cover hadn't been clearly set out in the policy terms and conditions. They felt the policy terms were ambiguous.

Our investigator didn't think Mr and Mrs D's complaint should be upheld. Briefly, he didn't think that the policy terms were unclear or ambiguous. And he didn't think the cause of the claim was something which Chaucer had decided to cover. So he felt it'd been fair for Chaucer to turn down Mr and Mrs D's claim.

Mr and Mrs D disagreed and so the complaint's been passed 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, whilst I'm very sorry to disappoint Mr and Mrs D, I think it was fair for Chaucer to turn down their claim and I'll explain why.

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 terms of the policy and the circumstances of Mr and Mrs D's claim, to decide whether I think Chaucer treated Mr and Mrs D fairly.

It's important that I make clear that no insurance policy covers every eventuality and insurers are entitled to decide what level of risk they wish to accept in return for the premium paid for

a policy. Therefore, Chaucer's obligations under the group contract are limited by the terms, conditions and exclusions which are set out in the contract. Mr D didn't take out an all-risks policy. This means that Chaucer has set out the specific, listed insured events it's chosen to cover within the policy terms.

I've carefully considered the policy terms and conditions, as these form the basis of the group insurance contract. Mr and Mrs D cancelled their holiday, so I think it was reasonable and appropriate for Chaucer to consider the claim under Section 1 Cancellation or Curtailment. This says:

*'You are covered up to the amount shown in the benefits table for your proportionate share of the unused travel and accommodation costs (including unused pre booked excursions up to a value of £150) that have been paid or where there is a contract to pay that cannot be recovered from anywhere else if:*

*1. cancellation of the trip is necessary and unavoidable or*

*2. the trip is curtailed before completion*

*as a result of any of the following events:*

*a.*

*1. your death,*

*2. you suffering bodily injury,*

*3. your illness,*

*4. your contracting disease,*

*5. you testing positive for Coronavirus within 14 days of your trip departure date, (for cancellation of your trip),*

*6. you being admitted to hospital due to testing positive for Coronavirus since you purchased your policy or booked your trip, whichever is the later (for cancellation of your trip),*

*7. you testing positive for Coronavirus during your trip (for curtailment of your trip),*

*8. you suffering complications of pregnancy.*

*b. The death, bodily injury, illness disease, or complications of pregnancy of: your relative or that of a travelling companion, a business colleague or a person with whom you intend to stay.*

*c. receipt of a summons for jury service, being subpoenaed as a court witness, called to court as a witness (but not as an expert witness) or being placed in compulsory quarantine.*

*d. unexpected requirement for emergency and unavoidable duty as a member of the police, fire, nursing, ambulance or coastguard services resulting in cancellation of previously agreed leave.*

*e. redundancy, provided that you are entitled to payment under the current redundancy payments legislation and that at the time of booking your trip you had no reason to believe that you would be made redundant. You must have had 2 years continuous employment with that employer.*

*f. your presence being required to make your property safe and secure following fire, flood or burglary that causes serious damage at your home within 48 hours prior to your departure, or whilst you are away.*

*g. your car becoming unusable as a result of theft, fire or accident within 7 days prior to your departure. This only applies if you are planning to go on a self-drive trip in the car.'*

In this case, Mr and Mrs D cancelled their holiday after their airline cancelled their flights and their hotel subsequently refused to allow them to amend the booking once more. I don't think it was unfair or unreasonable for Chaucer to conclude that the events which led to Mr and Mrs D cancelling their trip weren't covered by the cancellation section of the policy.

Mr and Mrs D feel strongly that the policy terms are unclear and ambiguous. They consider that the insured events I've set out above only apply if a holiday is curtailed. They feel that in order for a cancellation claim to succeed, the cancellation needs only to have been necessary and unavoidable.

I've thought carefully about Mr and Mrs D's arguments on this point. But I don't agree that the policy terms are unclear or ambiguous. This section of the policy refers to cancellation or curtailment cover, as they are two separate and distinct events. Subsection **1** cancellation and subsection **2** curtailment are listed separately and indented. And the phrase 'as a result of any of the following events' is set out underneath both subsections as a separate, standalone clause. It isn't a continuation of **2** and it isn't printed as part of the same sentence. I think Chaucer has made it sufficiently clear that the policy needs to be read as a whole and that cancellation will only be covered if it is caused by one of the listed, specific insured events.

On that basis, I don't find that Chaucer acted unfairly or unreasonably when it decided to turn down Mr and Mrs D's claim. I'd add too that in any event, I haven't seen enough evidence to show me it's more likely than not that the cancellation of the trip was necessary and unavoidable. I say that because Mr and Mrs D were due to fly to a major international airport, which is serviced by a number of airlines, offering regular flights. I haven't seen enough to show me that Mr and Mrs D were unable to find alternative flights, or an alternative means of travel, in the four months between the flight cancellation and their planned hotel stay dates, which would've allowed them to make use of the hotel booking. So even if I hadn't thought the policy wording was clear, based on the evidence I've seen, I don't think Mr and Mrs D showed that they met the policy terms.

Overall, despite my natural sympathy with Mr and Mrs D's position, as I appreciate the holiday was originally booked for a special occasion, I think it was fair for Chaucer to turn down their claim.

### **My final decision**

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

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

Lisa Barham  
**Ombudsman**