

The complaint

Mr C complains that AXIS Specialty Europe SE declined his travel insurance claim and about its service. My references to AXIS include its agents.

What happened

Mr C has annual travel insurance through his employer. AXIS is the insurer.

Mr C's return flight from abroad to the UK was scheduled to depart on 13 March 2023 at 14.45 but the airline cancelled the flight due to adverse weather. Mr C was rebooked to a flight on 14 March 2023 at 11.40. He claimed for the cost of his hotel for the night of 13 March and the taxis between the hotel and airport.

AXIS said the claim wasn't covered under the policy terms because:

- There was no cover for flight cancellation due to adverse weather under the cancellation section of the policy, and
- The travel delay section of the policy didn't apply as the policy required that the flight was delayed at the point of departure for more than eight hours. The airline's cancellation email to Mr C showed he was given notice of the cancellation on 13 March at 16:27. So the flight wasn't delayed for eight hours as after 16:27 the flight no longer existed.

Mr C complained to us that AXIS' decision was unfair as the cancellation of his flight was a type of delay. He said he'd been stressed and frustrated with the way AXIS had been so 'pedantic' in how it assessed his claim.

Our investigator recommended it would be reasonable for AXIS to settle Mr C's claim under the travel delay section of the policy which gave a fixed benefit, plus interest. And AXIS should pay Mr C £100 compensation for his distress and inconvenience caused by how it dealt with his claim.

AXIS disagrees and wants an ombudsman's decision. It said airlines have a duty to provide passengers with services and compensation if there was a severe disruption to a flight, which was supported by EU 261 regulation.

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.

AXIS correctly said the cancellation section of the policy doesn't cover costs due to a flight cancellation caused by adverse weather.

AXIS also said as the flight had been cancelled before having been delayed for eight hours the travel delay section didn't apply to Mr C's circumstances. We generally don't think that's a fair and reasonable approach for an insurer to take if the circumstances of the claim are otherwise covered under the policy. That's because the impact on the consumer is the same whether the flight was delayed or cancelled.

Section 9 of the policy, 'Travel Delay...' says:

'Delay at Point of Departure

If an Insured Person is delayed whilst on a Trip at any Point of Departure on the outward or homeward bound journey by at least 8 continuous hours from the time shown in the Trip's official travel itinerary directly as a result of the delayed departure of an aircraft...in which the Insured Person has arranged to travel whilst on that Trip due to...adverse weather conditions...the Insurer will pay:

GBP50 for the first full 8 continuous hours of delay at a Point of Departure and GBP25 for each and every full following period(s) of 5 continuous hours of delay at the same Point of Departure, up to the amount shown under Section 9 Sub-Section A in the Schedule of Benefits.

In the event of more than one delay at different Points of Departure on the same journey, each 8 continuous hours and the full following 5 continuous hourly period(s) shall apply at each Point of Departure but the maximum amount payable any one Trip under this subsection shall not exceed the amount shown under Section 9 Sub-Section A in the Schedule of Benefits...

THE FOLLOWING SPECIFIC DEFINITION APPLIES TO SECTION 9 (IN ADDITION TO GENERAL DEFINITIONS)

Point of Departure

Means an airport...'

Section 9 Sub-Section A in the Schedule of Benefits says the maximum benefit for the travel delay is £500, with no excess applying.

The travel delay section of the policy doesn't cover the additional hotel costs and taxi fare Mr C incurred. Instead the travel delay section gives a fixed benefit for the length of time he was delayed from his point of departure for his home bound flight.

As Mr C was notified of the flight cancellation after the flight was due to depart he was at the flight departure point for his homeward bound flight which was scheduled to depart at 14.45. That flight was delayed and then cancelled at 16.27 due to adverse weather, which is an insured reason under the travel delay section. Mr C was able to fly from the departure point the next day at 11.40. So the effect of the cancelled flight was that Mr C was delayed at his original point of departure for 20 hours and 55 minutes.

Under the policy terms the travel delay benefit pays £50 for the first full 8 continuous hours and £25 for each and every full following period of 5 continuous hours of delay at the same point of departure, up to the policy limit of £500.

Mr C's cancelled flight was a connecting flight. As the travel delay section also says there's cover, as set out in the policy terms, for '*more than one delay at different Points of Departure on the same journey*' any delays that Mr C had in his subsequent connecting flights on the

same journey also need to be taken into consideration when AXIS is calculating the total delay for the benefit payable.

AXIS says it shouldn't have to pay any benefit under the travel delay section of the policy as it's the airline's responsibility to compensate Mr C. Airlines do have their own responsibilities to passengers where a flight has been delayed or cancelled in certain circumstances. But even if a consumer is due compensation from an airline we don't generally think it's fair for an insurer to reduce any fixed benefit payment for travel delay under the travel insurance policy. The fixed benefit isn't intended to indemnify the consumer for their financial loss, it just pays out a set amount per time period for the delay. So I don't think AXIS can reasonably decline to pay the travel delay benefit to Mr C even if he has received compensation from the airline.

It's clear from the evidence I've seen that Mr C was very frustrated and stressed by how AXIS insisted his flight cancellation wasn't a delay. I think the £100 compensation our investigator recommended is a reasonable amount to acknowledge Mr C's distress and inconvenience.

Putting things right

AXIS should settle the claim Mr C has under the travel delay section of the policy, in line with the policy terms, plus interest as detailed below. AXIS should also pay Mr C £100 compensation to acknowledge his distress and inconvenience due to how it dealt with his claim.

My final decision

I uphold this complaint.

I require AXIS Specialty Europe SE to:

- Settle the claim Mr C has under the travel delay section of the policy in line with the policy terms and limits, plus interest at 8% simple a year from the date of claim to the date of settlement, and
- Pay Mr C £100 compensation to acknowledge his distress and inconvenience due to how it dealt with his claim.

*If AXIS Specialty Europe SE considers that it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mr C how much it's taken off. It should also give Mr C a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 12 January 2024.

Nicola Sisk
Ombudsman