

The complaint

Mr and Mrs R are unhappy with the way U K Insurance Limited (UKI) dealt with a claim on their travel insurance policy.

What happened

Mr and Mrs R have a travel insurance policy underwritten by UKI. Their flight was delayed by just over three hours before the airline cancelled it. They weren't able to get a new flight until 24 hours later, which would leave them with only one full day in the resort so unfortunately, they had to abandon their trip.

The airline refunded the cost of the cancelled flights, but they didn't offer any compensation to cover any of their unused costs. So they made a claim on their policy.

UKI declined the claim. They said there was no cover under the abandonment section of the policy because their flight was delayed by less than six hours.

Mr and Mrs R complained and also raised concerns about the customer service they received from UKI. They said their communication was poor and they felt UKI were confused about whether the claim was covered or not because the policy terms are unclear.

Our investigator looked into what had happened and said UKI had been fair to decline the claim. And she mentioned the policy had an exclusion for cancelled flights. She also said UKI's offer of £75 to acknowledge the trouble and upset caused by their poor customer service was reasonable.

Mr and Mrs R disagreed. In summary they said:

- £75 isn't a reasonable amount of compensation for all the stress, anxiety and inconvenience this situation has caused
- £75 is the excess amount they would have paid if they'd been able to make a claim so it does not compensate for all the time they wasted.
- If an exclusion applies to the policy (when a flight is cancelled) then they should have been made aware of this during the very first conversation to avoid all of this added uncertainty.

So the case has been passed to me to make 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.

Is the claim for an insured event?

The rules say a business must handle claims promptly and fairly and shouldn't unreasonably

reject a claim.

Under the abandonment section of the policy the terms state UKI will cover unused costs if:

“you choose to abandon your trip because your pre-booked aircraft, ship or train is delayed beyond the time shown on your travel itinerary at the point of international departure from the UK by more than ... Six hours if your trip is scheduled to last four nights or less.”

I think this term is clear that the delay must be more than six hours to be able to claim. I note Mr and Mrs R's point that the plane remained on the runway until the next day, but they've confirmed the flight was cancelled by the airline within the first six hours of the delay. Once a flight is cancelled, I think it's fair for UKI to no longer deem it delayed.

So I think it was reasonable for UKI to decline cover under the abandonment section of the policy because the flight wasn't delayed for more than six hours.

The exclusion for cancellation

Insurance policies terms are usually written with two key elements - 'insured events' which describe broad circumstances in which a claim will be considered. And 'exclusions', which are specific exceptions to those insured events.

In this policy there is an exclusion under the delay and abandonment exclusion for cancelled flights:

“What is not covered

Any claim where the aircraft, ship or train on which you are booked to travel is cancelled by the operator.”

I appreciate Mr and Mrs R's concerns that they should've been told the exclusion for cancellation applied when they first made the claim. But UKI didn't mention or apply this exclusion. As explained above, they declined cover because the six hour threshold for the delay was not met, so there wasn't an insured event. And I think that was fair.

It's not unusual or unfair for UKI to explore if they were claiming for an insured event, before going on to consider if any exclusion applies. In addition, UKI has explained that if the cancellation had occurred after six hours, then they may still have offered cover and not applied the exclusion.

Customer service

Mr and Mrs R have concerns about UKI's customer service – for example they incorrectly wrote out to say they had tried to contact them, when they hadn't. And they provided incorrect information about their phone line operating hours. Although, I'm not able to direct UKI about how it should operate its phone line, I can understand why the misinformation caused Mr and Mrs R frustration and inconvenience.

Having reviewed everything, I agree UKI's communication could've been better. But I think the £75 offered is enough to recognise the impact of this.

I know Mr and Mrs R invested a lot of time into this claim, including using the portal, making phone calls, drafting letters and providing evidence. But I'm mindful that making an insurance claim will always have some degree of inconvenience.

I acknowledge that the advisor escalating Mr and Mrs R's concerns to their leader didn't help matters, as it mismanaged their expectations. However, I don't think it's unreasonable the advisor wanted to ensure UKI were being fair in the circumstances - especially as it's clear Mr and Mrs R were unhappy and had explained they wouldn't have been able to get a new flight before the following day. Mr and Mrs R said the advisors were empathetic to their circumstances, so I'm persuaded this escalation by the advisor was done to be helpful rather than it being because they were unclear on how to apply the policy terms.

Taking everything into account, I think UKI handled the claim fairly and the offer of £75 compensation is reasonable for the impact caused by their poor communication at times.

Summary

I know Mr and Mrs R were in a difficult situation. And it's understandable why one full day in the resort wasn't feasible. So, whilst I entirely understand their reasons for abandoning their holiday, there just isn't cover under their policy for the situation in which they found themselves in. I think UKI explored if they were able to step away from their terms and conditions, but they weren't able to. So I don't think UKI unreasonably declined their claim. And I think the £75 offer of compensation is fair to reflect their poor communication at times.

I appreciate this is frustrating, but I hope Mr and Mrs R understand there just isn't any reasonable grounds upon which I could fairly ask UKI to do anything further.

My final decision

For the reasons set out above I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R and Mr R to accept or reject my decision before 18 January 2024.

Georgina Gill
Ombudsman