

The complaint

Mr K, Mr K, Mr K and Ms S complain that U K Insurance Limited (“UKI”) declined their claim on their travel insurance policy after their flight was cancelled by the airline.

While the complaint has been brought in joint names, for ease of reading I will refer only to Mr K throughout this decision. However all references include the actions of all other complainants.

What happened

Mr K had travel insurance provided as part of his bank account. The insurance was underwritten by UKI.

He had a holiday booked that was due to depart on 3 April 2023. However on 2 April, the airline contacted Mr K to say that his outbound flight had been cancelled, due to staff shortages following industrial action. The airline was unable to offer an alternative flight until the following week, so Mr K was unable to go on the holiday. The airline refunded the cost of the flights and Mr K made a claim on his insurance for the accommodation.

However UKI declined the claim. It said that the policy only covered for delayed or abandoned departure when the trip had started, and the flight was cancelled after a delay. And in this case the flight was cancelled before they left for the airport and there hadn’t been a delay.

Mr K wasn’t happy with this, he said they’d already checked in online but wouldn’t have travelled to the airport as the flight was cancelled the day before they were due to travel. He made a complaint but UKI didn’t uphold it so he brought it to this service.

Our investigator considered the issues but didn’t recommend the complaint be upheld. She said as Mr K’s flight had been cancelled before they left for the airport, the relevant section of cover would be ‘Cancelling your trip (up to the point of departure)’. And as this section doesn’t provide cover for flight cancellations before the trip begins, then UKI acted fairly by declining the claim.

Mr K didn’t agree with our investigator’s outcome and asked for the complaint to be reviewed by an ombudsman.

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.

UKI declined Mr K's claim because it says a cancelled flight isn't covered under the relevant section of the policy. It says as Mr K hadn't set off for the airport, then the cover that would apply would be 'Cancelling your trip (up to the point of departure)'. This cover is described in the policy as:

'This section provides cover if you need to cancel your trip. The cover starts when you book the trip and ends when you reach your point of departure'

Under the section, it lists the reasons for cancellation that are covered and it doesn't include flights that are cancelled by the airline.

I've considered whether UKI has applied its terms and conditions fairly in the circumstances.

Insurance policies don't cover for every eventuality. They list the areas they do cover in the policy documents. Here, Mr K's policy lists three areas that are covered for any trips he takes. These are laid out in 'Part 1 – Covers For Your Trip' and are described as:

- Cancelling Your Trip (up to the point of departure)
- Missed, Delayed or Abandoned Departure
- Cutting Short Your Trip (after the trip has started)

The policy defines the word 'Trip' to mean: *'A journey that begins and ends at your home during the period of insurance...'* That means that under the policy, it is considered that the trip begins when the policyholder leaves their home to depart for the holiday.

Based on this definition, cover wouldn't be provided under the third section listed above - Cutting Short Your Trip (after the trip has started) – as Mr K hadn't left his home at the point the need to claim arose. Therefore under the policy the trip hadn't started, so UKI acted fairly by not considering the claim under this section.

That leaves two other possible areas of cover. I've considered whether Mr K's claim could reasonably be considered under the second section - Missed, Delayed or Abandoned Departure. The policy document states:

'This section provides cover if:

- You are unable to reach your point of departure or connection in time due to one of the reasons listed below.*
- You are delayed for more than two hours after check in.*
- You are unable to return to the UK on your planned return date.*
- You choose to abandon your trip following a delay of 12 hours or more (six hours for a trip of four nights or less).'*

As none of these apply, I agree UKI have acted fairly by not considering the claim under this section.

Therefore the only section the claim could be reasonably considered under is 'Cancelling Your Trip (up to the point of departure)'. This section of cover provides a list of 13 reasons for cancellation that the policy provides cover for under this section. And these don't include cancellation of the flight by the airline. Based on this, I agree the policy doesn't provide cover for the circumstances of this claim and therefore UKI acted fairly by declining the claim.

I note Mr K has said that there was no point in him departing for the airport when he had been informed that the flights were cancelled. And that he did go to the airport the following day to try and arrange an alternative flight. I understand Mr K's point, however whether he had gone to the airport or not after the flight cancellation would make no difference to policy

cover. In determining which section of the policy applies, the important issue is whether the 'trip' has begun or not. And here the flights had been cancelled and there were no suitable flights for a week. So even if Mr K and his family had travelled to the airport after learning of the flight cancellation, the trip still wouldn't have reasonably begun so the same section of cover would apply.

I also understand his point about the measures he took to ensure he had protection in the event the trip was cancelled, and I sympathise with his position. However insurance policies don't cover for every eventuality. And they explain what they do cover, as well as significant exclusions, in the policy document. I note that his specific circumstances aren't listed as an exclusion in the policy, but it isn't a reasonable expectation for UKI to list every circumstance that wouldn't be covered. Instead we expect an insurer to list clearly what is covered, as well as any significant exclusions to this cover. The relevant section of cover clearly lists the reasons for cancellation that are covered, and Mr K's circumstances aren't included. So it's reasonable for UKI to decline the claim based on the policy not covering the circumstances.

My final decision

For the reasons I've given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K, Mr K, Mr K and Ms S to accept or reject my decision before 5 January 2024.

Sophie Goodyear
Ombudsman