

The complaint

Mr and Mrs D complain that American International Group UK Limited (AIG) hasn't paid a claim they made on a travel insurance policy.

As Mr D brought the complaint to us, for ease, I've referred mainly to him.

What happened

The circumstances of this complaint are well-known to both parties, so I've simply set out a summary of what I think are the key events.

Mr and Mrs D hold travel insurance as a benefit of a packaged bank account.

In July 2023, Mr and Mrs D were abroad. They were due to return to the UK on 24 July 2023. However, their return flight was rescheduled by the airline for the following day. As the rescheduled flight was also delayed, Mr and Mrs D booked a return flight with another airline. In total, they were delayed for around 21 hours. Mr D made a claim on the policy for the costs associated with the delay.

AIG told Mr D that his additional travel and food costs weren't covered by the policy terms. But it said a claim could be considered for travel delay benefit if the airline could provide evidence which showed that Mr D's flight had been delayed because of one of the 'insured events' listed in the policy. It didn't think the evidence the airline had already provided demonstrated that the flight had been delayed because of something the policy covered.

Mr D was unhappy with AIG's decision and he asked us to look into his complaint. He felt the policy wording indicated that AIG would pay claims if a policyholder was unable to obtain any compensation from their airline. As he hadn't been paid any compensation by the airline, he considered AIG should pay the claim.

Our investigator didn't think AIG had handled Mr D's claim unfairly. In summary, she didn't think there was enough evidence to show that Mr D's claim was covered by the policy terms. And she didn't think the policy terms suggested that AIG would definitely pay claims if a policyholder couldn't obtain any compensation from their airline.

Mr D disagreed and I've summarised his responses to the investigator (including the testimony Mr D gave our investigator, which was recorded and which I can confirm I've listened to). He felt he had provided evidence of the delay. He considered that AIG was relying on small print to turn down claims. He maintained that the policy provided cover in his situation and that the investigator had misinterpreted the relevant clause. He told us that the airline had refused to provide him with evidence of the cause of the delay for data protection reasons. He believed the onus should be on an insurer to show that a delay didn't happen. He questioned why AIG included such requirements in its policies when he felt it was aware that airlines wouldn't provide information about delays. He also felt that this service wasn't impartial and it wasn't protecting consumers.

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 sorry to disappoint Mr D, I don't think AIG has treated him unfairly and I'll explain why.

First, I'd like to reassure Mr D that whilst I've summarised the background to this complaint and his detailed submissions to us, I've carefully considered all he's said and sent us (including the content of his call). In this decision though, I haven't commented on each point he's made and nor do our rules require me to. Instead, I've focused on what I think are the key issues.

It's also important I make clear our role. We're independent and impartial of both parties. We're not the industry regulator and so we have no power to fine or punish the businesses we cover. Nor can we tell financial businesses to change their policies or procedures. Our role is to consider complaints brought by individual consumers to decide whether we think they've lost out or suffered material distress or inconvenience, in the specific circumstances of their complaint, as a result of a financial business' actions.

The relevant regulator's rule 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 Mr D's policy and the available evidence, to decide whether I think AIG has treated him fairly.

I've first considered the policy terms and conditions, as these form the basis of the insurance contract. Section D sets out the available cover for *'If you miss your departure or it's delayed.'*

In my view, given Mr D's flight was delayed by the airline, it was reasonable and appropriate for AIG to consider the claim in line with the *'Travel delay or flight cancellations'* subsection of Section D. This says:

'We'll pay claims if your travel is delayed for over 12 hours if there's industrial action, bad weather or if the public transport you were travelling on breaks down.'

We'll pay £20 per person for the first 12 hours you're delayed, and then £10 for each 12-hour delay. We'll pay up to £300 in total – as long as you still go on your trip.

If you're delayed by more than 24 hours on the outward leg of the journey, you can choose to cancel your trip. If you do, we'll pay up to £5,000 to cover any costs you can't get back. This includes the costs of travel, accommodation, activities, visas, or any prepaid event tickets...

Please be aware that we'll only cover you for flight delays or cancellations if you can't get your money back (or any other compensation) from the airline. Flights that are delayed by more than five hours should be refunded. Please check with your airline first to see how much they'll pay you.' (My emphasis added).

I think AIG has made it clear that it will only pay travel delay claims if the delay was caused by industrial action; bad weather, or the breakdown of public transport in which a policyholder is travelling. So I think AIG is reasonably entitled to be satisfied that a period of travel delay was caused by one of those specified, listed events before it agrees to pay a travel delay claim.

In Mr D's case, it's clear that while the period of delay appears to exceed 12 hours, it happened on the inward bound journey. Mr D had already had the benefit of his holiday and so the cancellation provision under section D wouldn't apply to his situation. As such, if his claim is ultimately payable, I think it would be fair for AIG to consider what delay benefit might be due. I don't find it acted unfairly when it concluded that Mr D's additional expenses weren't covered.

The policy terms say that policyholders must provide AIG with any information it needs to order to allow it to assess a claim. This isn't an unusual term in insurance policies. And while I appreciate Mr D thinks the onus should be on AIG to show he isn't entitled to benefit, I disagree. It's a general principle of insurance that it's for a policyholder to provide enough evidence to show they have a valid claim on their policy. In this case then, it's Mr D's responsibility to provide AIG with evidence which shows, on balance, that his travel was delayed because of industrial action; bad weather or the breakdown of public transport.

I've looked carefully at the available evidence. I can see that when Mr D submitted his claim documentation, he included an email from the airline. This stated that Mr D's flight '*was delayed/canceled [sic] as a result of unexpected circumstances.*' This is compelling evidence that Mr D's flight was delayed. But I don't think it was unfair for AIG to conclude that this email didn't explain what those circumstances were or that the delay was caused by one of the insured events I've listed above. So I don't think it's unfair for AIG to require further evidence from the airline which sets out the of the delay in more clear and specific terms.

Mr D told our investigator that the airline has refused to provide him with this evidence for data protection reasons. I haven't seen a copy of such an email from the airline and it isn't clear that AIG has had a chance to review it either. It's open to Mr D to send this information on to AIG for it to consider should he wish to. I'd add though that in my experience, many airlines do provide letters to consumers for insurance purposes, which explain the cause of a delay or cancellation. And so it's also open to Mr D to ask the airline again for further evidence to explain the cause of the delay and to send this evidence on to AIG.

It's clear how strongly Mr D feels that the term I've set out above means that in the absence of a compensation payment from the airline, AIG will pay his claim. I'm afraid I don't agree. In my view, AIG has made it clear that it will *only* pay claims where no compensation has been received from the airline. For example, that it will only pay a cancellation claim caused by a delay of more than 12 hours on the outward journey if the airline hasn't already refunded a policyholder's cancellation costs. I don't think it's a guarantee that AIG will always pay delay benefit, irrespective of whether the remaining policy terms have been met. I find it's clear that this clause is intended to be read in conjunction with the whole of Section D. So I don't think AIG is required to pay Mr D's claim on this basis.

Overall, I don't think AIG handled Mr D's claim unfairly. I'm not persuaded that there were unreasonable delays in its consideration of the claim and I think it's clearly explained what's covered and what information it needs. Based on all I've seen; I don't find AIG acted unfairly when it concluded that it didn't have enough evidence to show that Mr D's claim was covered by the travel delay section of the policy. So it follows that I'm not directing AIG to settle Mr D's travel delay claim.

If Mr D does provide AIG with new information in support of his claim and is unhappy with the outcome of such a review, he may be able to make a new complaint about that issue alone.

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 Mrs D and Mr D to accept or reject my decision before 9 February 2024.

Lisa Barham
Ombudsman