

The complaint

Mr and Mrs S complain that Admiral Insurance (Gibraltar) Limited has turned down a medical expenses claim Mr S made on a travel insurance policy.

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

What happened

Mr S took out an annual travel insurance policy through a broker. Mr S travelled on a cruise. Unfortunately, he required medical treatment for a foot infection during the cruise. So he made a medical expenses claim on his travel insurance policy.

After five months, Admiral turned down Mr S' claim. It said that because Mr S hadn't taken out optional cruise cover, his situation wasn't covered by the policy terms. However, it acknowledged there'd been an unreasonable delay in its handling of Mr S' claim and so it paid him £100 compensation.

Mr S was unhappy with Admiral's decision and he asked us to look into his complaint. He accepted that he hadn't taken out cruise cover. But he said he'd thought cruise cover only applied to certain listed events – such as cabin confinement. He didn't think the policy terms made it sufficiently clear that no claims at all for cruise trips would be covered unless cruise cover had been purchased.

Our investigator didn't think Mr S' complaint should be upheld. Briefly, he thought that Admiral had provided Mr S with clear, fair and not misleading information about the policy. And he felt the contract terms made the cover sufficiently clear. So he didn't think it had been unfair for Admiral to turn down Mr S' claim.

I issued a provisional decision on 17 November 2023, which explained the reasons why I didn't think Admiral had treated Mr and Mrs S fairly. I said:

'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 policy terms and the circumstances of Mr S' claim, to decide whether I think Admiral handled the claim fairly.'

First, I've considered the policy terms and conditions, as these form the basis of Mr S' contract with Admiral. It's clear that Mr S made a claim for medical expenses after he suffered an infection. Section 1 of the policy provides cover for Emergency Medical Expenses. This includes the following:

'What is covered

We will pay up to the policy limits shown in your policy schedule for each insured person who is injured, becomes ill, is quarantined or dies while on a trip, including:

Medical costs abroad: Reasonable and necessary costs for emergency medical, surgical and hospital treatment including an ambulance to take you to hospital.'

This section of the policy does not include a specific exclusion for medical expenses incurred on a cruise if cruise cover hasn't been purchased.

I've next turned to the policy general exclusions, which set out a list of things Admiral has specifically chosen to exclude from cover. This includes the following term:

'We will not pay any claim which is in any way caused by or resulting from:

Cruises: Your trip or part of your trip being a cruise, unless you have included our additional cruise cover and paid the appropriate additional premium. If you have this cover it will be shown on your policy schedule.'

It's common ground that Mr S didn't choose to take out cruise cover. However, it isn't at all clear to me that this exclusion can fairly be applied to the circumstances of Mr S' claim. The term refers to claims caused by or resulting from cruises. But Mr S' claim appears to have been for the costs of treating an infection. I've seen no persuasive evidence that this infection was caused by or resulted from Mr S being on a cruise.

I've looked closely at the cruise cover section of the policy and the remainder of the policy documentation as a whole. And I don't think Admiral has made it sufficiently clear that it won't cover any claims if a policyholder is on a cruise holiday unless cruise cover has been purchased. I'll explore this further.

Cruise cover is set out on page 62 of the policy. In the important information box at the top of the page, the policy says:

'This section only applies if you opted to include Cruise Cover on your policy and have paid the appropriate extra premium. You must include this additional cover if any part of your trip will include a cruise.'

The following, specific events are listed as covered under the cruise cover section of the policy:

- Missed port departure;*
- Cruise cabin confinement;*
- Unused excursions;*
- Cruise itinerary change;*
- Cruise interruption.*

Mr S didn't claim for any of these listed, insured events. And he said he didn't want cover for any of those particular events. In my view, the policy doesn't make it clear enough that a policyholder won't have any cover at all on a cruise holiday unless they've taken out cruise cover. Instead, I think the policy suggests that cruise cover only applies to claims arising from the events Admiral has specifically set out in this section.

The policy schedule Mr S was sent after he took out the policy refers to the optional cruise cover. Again though, it only lists the specific, insured events I've set out above. So I don't think Mr S would have been prompted to realise that he needed to take out cruise cover to be covered for any potential claim on the policy while on a cruise holiday.

I've also considered the Insurance Product Information Document (IPID) which Mr S was sent post-sale. The IPID sets out a summary of the key policy terms, exclusions and information. Page 1 includes a table called: 'What extra cover can be added (optional)?' This

includes the following:

*'Cruise cover: **Up to £750 for specified cruise related incidents** (such as travel costs to rejoin the ship if hospitalised.) This additional cover must be included if going on a cruise ship or the policy will not provide cover for it.'* (My emphasis added.)

The IPID also lists a table of what is not insured. An example of this is hazardous activities – unless an additional premium has been paid. However, cruises and claims which arise on cruises (unless the add-on cover has been purchased) haven't been included in this section of the IPID.

In my view, while I appreciate Admiral likely intended to specifically exclude claims arising during cruise holidays unless cruise cover had been added, I'm not persuaded the IPID does enough to highlight this either. That's because it refers explicitly to the cruise cover being for specified cruise related incidents. If Mr S cross-referenced the IPID with the cruise cover section of the policy and the policy schedule, I currently think it would have been reasonable for him to conclude that cruise cover only applied to claims for the listed, specified events.

So, based on the totality of the evidence I've seen so far, I don't think the policy (or the documentation as a whole) is drafted in a clear, fair or not misleading way. I think the policy terms are ambiguous as to what Admiral intends to cover and exclude. It was open to Admiral, as the drafter of the policy, to clearly state that there was no cover at all for any claims arising on a cruise holiday unless cruise cover had been purchased. But it didn't do so. And I think this is a significant restriction on cover. I consider that if Admiral had made the level of cover sufficiently clear, Mr S is likely to have taken out the optional add-on and accordingly, his claim would have been considered. So I currently think he's lost out as a result of Admiral's failure to highlight what cover it did and didn't provide.

Where a contract term or terms are ambiguous or unclear, it's a legal principle that they should be interpreted in favour of the party who didn't draft the contract. In this case, that's Mr S. As such then, I don't currently think it was fair for Admiral to turn down his claim and I intend to direct it to reconsider the claim under the medical expenses section of the policy. Admiral accepts it didn't handle the claim as well as it should have done. It acknowledged there were around five months of delay before it made a claims decision. And it paid Mr S £100 compensation. But I'm not persuaded this is enough to reflect the impact of its claims handling on Mr S – especially given that I don't find it was fair for Admiral to have turned down the claim. In my view, a total award of £200 (less the £100 Admiral's already paid) is a fair, reasonable and proportionate award to reflect the unnecessary trouble, upset and inconvenience Admiral's handling of the claim has caused him.'

I asked both parties to send me any further evidence or comments they wanted me to consider.

Mr S accepted my provisional decision.

Admiral disagreed with my provisional findings and I've summarised its response. It said that when Mr and Mrs S accepted the policy, they were sent a copy of the IPID. The IPID included an obligation to tell Admiral if a policyholder was going on a cruise trip. But Mr and Mrs S had failed to do this. Admiral said Mr and Mrs S had been offered the choice to add cruise cover to their policy at various points during the sales process and had chosen not to do so. It stated that Mr and Mrs S had been required to tick a box to say they'd read the IPID before they could complete the sale. It felt that if Mr and Mrs S had read the IPID before accepting the policy and had told it that they were going on a cruise, then the relevant cover could have been added.

And Admiral didn't agree that the wording of the general exclusion was confusing. It felt that if a customer was on a cruise, then the words 'as a result of or caused by' are clearly intended to include anything that happens on a cruise. It didn't consider it was logical to interpret the general exclusion as only applying to events physically caused by a cruise. It added that the reason it required a policyholder to take out cruise cover was because the risk a cruise holiday poses is higher in terms of the potential cost of a claim.

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, I still don't think Admiral has treated Mr and Mrs S fairly and I'll explain why.

Admiral has placed some weight on the information set out on the IPID. I acknowledge that page two of the IPID sets out a policyholder's obligations, including the following:

'You must tell us if you plan on taking a cruise trip or winter sports trip if you haven't already included cover for it.'

However, as I explained above, I think the lack of cover for anything that happens on a cruise unless specific cover has been added is a significant term. Therefore, I think this particular term should have been clearly highlighted to Mr and Mrs S in both the policy terms and in the IPID. I'm not persuaded that this important requirement is highlighted clearly enough within the IPID, being placed within a box in the middle of page two. And while Admiral states Mr and Mrs S had opportunities to add cruise cover during the sale, it's provided me with limited evidence of what they were shown during the sales process by the policy seller. Nor do I think that simply requiring a policyholder to tick a box during an online sale to confirm that they've read a document is enough for an insurer to show it's met its obligation to set out the policy terms and conditions clearly.

Page one of the IPID suggests that cruise cover is only required for a list of specified events – it doesn't indicate that the cover is needed for any cover for claims which happen on a cruise. As I set out above, I think that even if Mr and Mrs S had cross-referenced the IPID with the cruise cover detailed in the policy, they'd have reasonably understood that it only applied to the specified insured events listed in the cruise cover section.

It's clear that Admiral strongly disagrees with my findings regarding the clarity of the general exclusion and I've considered its response carefully. But for the reasons I've given, I still don't think the clause is set out in a clear and unambiguous way. I accept Admiral's *intention* may have been to exclude all claims for events which take place on a cruise unless the add-on has been purchased. Nonetheless, this isn't what the term actually says. And I'm still not persuaded that Admiral has shown that Mr S' foot infection was caused by or was as a result of the trip being a cruise. It remains the case then that I don't think Admiral has shown it was fair for it to rely on the general exclusion to turn down this claim.

As the drafter of the policy, Admiral was well-placed to include a clear and specific exclusion for any claims which take place during a cruise holiday unless the optional add-on has been purchased. I still don't think the totality of the policy documentation makes this important restriction on cover sufficiently clear. And so it follows that my final decision is the same as my provisional decision and for the same reasons.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that I

uphold this complaint.

I direct Admiral Insurance (Gibraltar) Limited to:

- Reconsider Mr and Mrs S' medical expenses claim, in line with the remaining terms and conditions of the policy;
- Pay Mr and Mrs S total compensation of £200 (less the £100 it's already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 2 January 2024.

Lisa Barham
Ombudsman