

The complaint

Miss S and Mr T are unhappy AWP P&C SA turned down a claim they made on their travel insurance policy.

What happened

Miss S and Mr T have travel insurance with AWP. In July 2021 they booked a honeymoon cruise to the Caribbean departing in February 2023. In November 2022 Miss S became pregnant. She says she discussed her holiday with her midwife who advised her to cancel because of the risk of Zika virus in the destinations the cruise was due to visit. Miss S and Mr T did so (and received a 50% refund from the cruise operator).

They made a claim to AWP for the outstanding amount (around £3,000). AWP turned down the claim. It said although the policy covered cancellation as a result of complications of pregnancy Miss S hadn't had any complications. And the circumstances that led to the cancellation of their cruise weren't something the policy covered.

Our investigator accepted Miss S and Mr T's reasons for cancellation didn't fall within those listed in the policy. But the policy also excluded cover where the policyholder didn't follow advice or recommendations from the Foreign, Commonwealth and Development Office. And guidance for the Caribbean islands was that, because of the risk of Zika virus, pregnant women should consider avoiding travel there until after their pregnancy.

He didn't think it was fair that Miss S and Mr T were in a position where they wouldn't be covered if they did travel but weren't covered for cancellation either. He said AWP should pay the claim (and add 8% interest to that amount).

AWP didn't agree. It said claims were assessed in line with the policy terms and no policy covered all eventualities. The advice not to travel was preventative and that wasn't something the policy covered. So I need to reach a final 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.

I've looked first at the terms and conditions of Miss S and Mr T's policy. This does cover "cancellation of the trip" and the covered reasons include *"medical complications as a result of your pregnancy or the pregnancy of anyone you have arranged to travel or stay with during the trip"*.

I appreciate in this case Miss S didn't have any complications from her pregnancy at the time she and Mr T decided to cancel their trip. Her concern was about what might happen if she was exposed to Zika virus on one of the stops her cruise was due to make. That isn't

something which is covered by the policy term I've referenced. And I don't think it would fall within any of the other listed cancellation reasons either.

But, as well as considering whether the policy terms have been applied correctly, our rules also require me to think about what's fair and reasonable in all of the circumstances. And I think it's relevant here that Miss S and Mr T's policy contained a general exclusion which says AWP won't pay claims arising directly or indirectly from "*You not following any advice or recommendations made by the Foreign, Commonwealth and Development Office (FCDO), the World Health Organization, or any government or other official authority*".

At the time Miss S and Mr T were due to go on their trip the advice from the FCDO for their destinations was these had a risk of Zika virus transmission. It said travellers should check the National Travel Health Network and Centre for more information. Their advice for every country Miss S and Mr T were due to visit was (in bold) that "*Pregnant women should consider avoiding travel to this country until after the pregnancy*".

I've also taken into account that Miss S and Mr T booked their holiday in July 2021 (for departure in February 2023). Miss S didn't become pregnant until November 2022, around 16 months later. I haven't seen anything to suggest this is something they would have anticipated when they made their booking. And the advice against travel covered every destination they were due to visit on their cruise.

I recognise that Miss S and Mr T's cancellation reasons don't fall within those listed in the policy. I also appreciate that, as AWP says, no policy will cover every eventuality. But I don't think it would have been reasonable to expect them to go ahead with their trip given the clear and established risk Zika virus posed to Miss S's unborn child and the lack of cover under their policy for any related issues.

And I think the policy terms put them in a position where they wouldn't be covered if they went on their trip (because they'd have been travelling against official advice) but equally they didn't have cover if they cancelled. Taking into account all of the circumstances of this case I don't think that's fair. And I think the right way to address this is for AWP to pay the claim Miss S and Mr T made (subject to any excess and policy limits) plus interest.

Putting things right

AWP will need to pay Miss S and Mr T's claim subject to any excess and policy limits. It will also need to add 8% simple interest on that amount from the date the claim was made until the date of settlement.

If AWP considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss S and Mr T how much it's taken off. It should also give them a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

I've decided to uphold this complaint. AWP P&C SA will need to put things right by doing what I've said in this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S and Mr T to accept or reject my decision before 29 September 2023.

James Park

Ombudsman