

The complaint

Mr and Mrs H are unhappy with what Zurich Insurance Company Ltd did after they made a claim on their travel insurance policy.

What happened

Mr and Mrs H have travel insurance with Zurich. In February 2023 they went abroad on a six-week holiday. During their trip they needed to get a ferry which they'd pre-booked. However, the sailing they were due to take was cancelled as was a rescheduled one. As no further sailing were available within a reasonable time Mr and Mrs H incurred costs in booking a flight, alternative accommodation and car hire to try and keep to their pre-planned itinerary.

Mr and Mrs H claimed on their travel insurance for those additional costs. Zurich turned down the claim as it said this wasn't something their policy covered. However, it accepted there had been some customer service issues in the handling of the claim and offered to pay Mr and Mrs H £75 in recognition of the impact of that on them.

Our investigator agreed the policy didn't cover Mr and Mrs H's claim. In particular while it did cover travel delay and abandonment that only applied to departure point delays to or from the policyholder's home country. He thought the £75 Zurich had offered was the right amount in relation to its customer service failings.

Mr and Mrs H accepted their claim wasn't covered but didn't think that in itself was fair. They said they'd taken out a comprehensive policy and could reasonably expect to be covered for what happened. 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.

The relevant rules and industry guidelines say Zurich has a responsibility to handle claims promptly and fairly. It shouldn't reject a claim unreasonably.

I appreciate the cancellation of Mr and Mrs H's pre-booked ferry and the efforts they then made to keep their holiday on track must have been extremely stressful. I'm pleased to see that (after significant effort) they were able to complete most of the rest of their trip.

But the question I need to consider is whether Zurich has correctly and fairly in turning down the claim they made for additional expenses incurred as a result of the ferry cancellation. I've looked at the terms and condition of Mr and Mrs H's policy and I agree there's simply no cover for what happened.

As our investigator said the 'Travel delay and abandonment' section of the policy only provides cover where *"your outward or return flights, sea crossing, coach or train departure to or from your home country are delayed for more than 24 hours beyond the intended*

departure time (as specified on your travel ticket)” as a result of a specified incident. But that doesn’t apply here because the ferry cancellation took place after Mr and Mrs H had arrived in their destination; it wasn’t part of their outward or return journey. I don’t think there’s any other part of the policy which would provide cover for Mr and Mrs H’s circumstances either.

And I think that’s accepted by them. I appreciate their argument is that having taken out a comprehensive policy they think it should provide cover for this. But no insurance policy will cover every eventuality and cover is always subject to the terms and conditions of the policy. In general an insurer is entitled to decide which risks it wants to cover and which it doesn’t. That’s part of every insurer’s commercial discretion and, as long as this information is clearly set out in the policy documents (which I think it is in this case), it’s not something we’d normally interfere with.

I also think it’s reasonable to say if the policy had extended cover to Mr and Mrs H’s circumstances that would have impacted on the price of the policy. I don’t think it would be fair or reasonable to expect Zurich to pay for a claim that isn’t covered and for which it didn’t charge a premium.

I do agree there were some customer service failings by Zurich when handling this claim. I appreciate that will have been frustrating for Mr and Mrs H and I can see they had to chase for updates on a number of occasions. But taking into account the impact that will have had on them I think the £75 that Zurich has offered for this is fair in the circumstances.

My final decision

Zurich Insurance Company Ltd has already offered to pay £75 to settle the complaint and I think this offer is fair in all the circumstances. So my decision is that Zurich should pay Mr and Mrs H £75

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs H and Mr H to accept or reject my decision before 27 December 2023.

James Park
Ombudsman