

The complaint

Mr and Mrs M have complained that Zurich Insurance PLC partly declined a claim they made on their multi-trip annual travel insurance policy after they had to cancel their cruise due to Mr M's ill health.

What happened

Mr and Mrs M's holiday was due to start on 24 November 2022. But Mr M was certified as medically unfit to travel shortly beforehand, so they cancelled the trip and made a claim on their travel policy.

Zurich settled the cancellation claim and Mr and Mrs M received payment for the full cost of the trip and car parking fees. Mr and Mrs M are not complaining about this part of their claim. They have also accepted Zurich's offer of £150 for delay in progressing the claim.

However, as Mr M has a kidney condition that requires dialysis three times a week, he had paid the travel company an upfront, non-refundable fee of £5,024 to receive this treatment during the cruise. Mr and Mrs M included this amount as part of their claim. But Zurich declined to pay it on the basis that these costs were not covered under the policy's terms and conditions.

Our investigator thought that Zurich had acted fairly in declining the claim for pre-paid medical expenses. Mr and Mrs M disagree with the investigator's view and so the complaint has been passed to me for a 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 carefully considered the obligations placed on Zurich by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for Zurich to handle claims promptly and fairly, and to not unreasonably decline a claim.

Mr M says he was clear about his condition when taking out the policy and so should have been told that the costs of dialysis were not covered. As our investigator has explained, it wasn't Zurich that sold the policy and so it is not responsible for the information that was provided at the point of sale. In this decision I will only be looking at whether Zurich acted fairly and reasonably in declining part of the claim.

Mr M says that pre-existing conditions should be fully covered. To be clear, as he had disclosed his kidney condition, it was covered in some circumstances. So, if he had become ill during the trip as a result of that condition, the policy would likely have paid out for any emergency medical treatment that he would have required as a result. But it would not have paid out for any routine or ongoing medical treatment as the policy specifically excludes:

‘...cover for any medical condition or disability (pre-existing or otherwise) if: you know you will need medical treatment during your journey.’

and:

‘medication and/or treatment which at the time of departure is known to be required or to be continued outside your home country.’

The most relevant part of the policy in this case is the cancellation clause. This states that they would be covered:

‘Up to the amount shown in the summary of cover on pages 8 and 9 if your travel and accommodation arrangements, excursions, tours and activities are cancelled before your departure from your home country if this is your usual country of residence (including ski hire, ski school and lift passes for winter sports trips where the appropriate premium has been paid), which have not been used and which you have paid for or contracted to pay for, providing the cancellation is necessary and unavoidable (and is not a result of mere disinclination to commence your trip as arranged)...’

Additionally, under the ‘General Exclusions’ heading, it states that cover is not provided for:

‘any other loss connected to the event you are claiming for unless we specifically provide cover under this policy.’

Mr and Mrs M say they are covered for cancellation of travel and that the dialysis was a must have element of the travel as Mr M would die without it. I completely understand this point, but overall, I’m not persuaded that dialysis would meet the usual definition of ‘travel’. It also couldn’t be considered to be an ‘activity’ under the terms and conditions, because the policy sets out a list of sports that are covered ‘activities’.

Based on the above policy wording, I’m satisfied that the cost of dialysis is not covered under the cancellation part of the policy.

Mr M has explained that they were forced to curtail a cruise they were on in 2015 due to a death in the family. On that occasion their policy paid out for the dialysis sessions that Mr M didn’t use. I don’t know if Zurich was the underwriter on that occasion or the circumstances of why the claim was paid. However, in making this decision I am only looking at the terms and conditions of this particular policy and whether Zurich has acted in line with those terms when considering the claim.

I understand that Mr and Mrs M have found this situation very distressing – both with the loss of money and the prospect of not being able to go on holiday again, because they couldn’t risk making a booking without specific cover for dialysis costs. I have a great deal of sympathy for their situation.

However, based on the available evidence, I am unable to conclude that Zurich has done anything wrong. It has assessed the claim in line with the terms of the policy. I therefore think it was fair and reasonable for it to decline the claim for pre-paid medical expenses.

My final decision

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 9 November 2023.

Carole Clark
Ombudsman