

The complaint

Mr R has complained that Zurich Insurance Company Ltd declined a claim he made on the travel insurance policy linked to his bank account.

What happened

In August 2023, Mr R was away on business. He went for a walk and met a customer, putting his backpack on the floor. He then left, forgetting his backpack. When he went back to get it, it was gone. He reported the loss to the police and made a claim the next day, saying that his bag had been stolen. The bag contained an Apple watch, a computer tablet, headphones, glasses, sunglasses and a notepad.

Zurich declined the claim on the basis that the circumstances were not covered under the policy terms.

Our investigator thought that Zurich had acted reasonably in declining the claim for valuables, although she thought that Mr R might want to consider a further discussion with Zurich about whether the bag itself and the notepad were covered, or whether the excess on the policy made it not worth claiming.

Mr R disagrees 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.

Zurich turned down the claim on the basis that Mr R had left his bag unattended.

Looking at the policy terms, under 'Baggage', it states:

'We will pay the replacement value in case of accidental loss of, theft of or damage to baggage and valuables up to the amount shown in the benefit table per trip for all beneficiaries travelling together.....'

What we will not cover

3. Valuables or personal money or travel documents left unattended at any time (including in a vehicle or in the custody of carriers) unless deposited in a hotel safe or locked safety deposit box. If items are stolen from a hotel safe or safety deposit box, we will not pay for any claims where you have not reported the incident to the hotel in writing and obtained an official report from the appropriate local authority.'

4. Valuables carried in suitcases or other luggage unless they are with you at all times.”

I won't set out the definition of 'Valuables' again here as it is not in dispute that everything other than the backpack itself, and the notepad, constitute valuables.

The definition of 'Unattended' is:

'Where you are not in full view or in a position to prevent unauthorised taking or interference with your vehicle, baggage, valuables or winter sports equipment.'

Although Mr R's claim was initially for the bag being stolen, he's talked about it being 'lost and stolen' and takes issue with the policy wording in relation to loss. He says that you can't lose something while having it in your possession.

Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it is willing to accept (in return for the premium) and set these out in the terms and conditions of the policy document. The test then is whether the claim falls under one of the agreed areas of cover within the policy.

In this case (and in the case of most other insurance policies), Zurich doesn't want to provide cover in a scenario where someone has left a bag unattended. Which is why it has put the wording in the policy about valuables in luggage needing to be with a policyholder at all times. It is entitled to limit the cover in this way, as long as it sets that out clearly in the terms and conditions.

I understand Mr R's concerns about the policy wording. However, I'm satisfied that Zurich has clearly set out when the loss or theft of baggage and valuables is not covered.

Mr R walked off and forgot his bag. Obviously, he didn't mean to do that and it's not his fault that the bag was stolen – that's the responsibility of the thief. It's an unpleasant thing to happen and there's no doubt that Mr R is out of pocket as a result. However, the question is whether the circumstances are covered under the policy terms – and I don't think they are.

Mr R didn't have the bag, with his valuables in, with him at all times. Although unintentional, he didn't have the bag in full view when it went missing. Therefore, I consider that the definition of 'unattended' has been met in this particular case.

Whilst I know it will be disappointing for Mr R, I don't think Zurich has done anything wrong in the way it assessed the claim and it was reasonable for it to decline it, in line with the policy terms and conditions.

My final decision

For the reasons set out above, my decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 31 January 2024.

Carole Clark
Ombudsman