

The complaint

Miss H and Mr J have complained that Zurich Insurance PLC declined a claim they made on their annual travel insurance policy.

What happened

Miss H and Mr J were on a transatlantic ship from the UK which was due to reach its destination on the morning of 30 June 2023. However, the ship was diverted due to a medical emergency on board, leading to delay, and Miss H and Mr J weren't able to disembark until later that afternoon. As a result, they missed a connecting flight to their ultimate destination. They had to purchase alternative flights for the following day. Their claim was for the cost of one night's hotel accommodation, taxi costs and the new flights.

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, in line with the policy's terms and conditions. Miss H and Mr J disagree 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.

Miss H and Mr J say the circumstances of their delay were outside their control and that it is churlish and petty of Zurich to not pay the claim.

Insurance policies aren't designed to cover every eventuality or situation. The extent of the cover is set out in the terms and conditions of the policy document. The onus is on the consumer to show that the claim falls under one of the agreed areas of cover within the policy.

Under the 'missed departure' section of the policy, in relation to what is covered, it states:

'.....if you cannot reach the departure point of any part of your outward or final return journey which is due to commence within 36 hours after the departure date and time of the start of your outward or return journey, as a result of:

- 1) the failure of scheduled public transport due to poor weather conditions, a strike or industrial action*

- 2) *an accident to or breakdown of, the vehicle in which you are travelling (this would not include your vehicle running out of petrol, oil or water, having a flat tyre, puncture or flat battery);*
- 3) *an accident or breakdown occurring to another vehicle ahead of you on the road which causes an unexpected delay to the vehicle in which you are travelling;'*

I take Miss H and Mr J's point about it being unlikely that someone wouldn't reach their departure point at all. But as our investigator explained, the policy terms relate to not reaching the departure point within a specified time, rather than not at all.

Furthermore, a claim would only be covered if the failure to reach the departure point on time was due to one of the listed reasons. It follows that, if a reason isn't listed, then it isn't covered. A diversion for a medical emergency isn't included in the list and therefore isn't an insured event under the policy terms.

I've also looked at the remainder of the policy wording, including the 'travel delay and abandonment' section, to see if there were any other sections under which the claim could be considered. However, the circumstances they found themselves in do not fall within the scope of the wider policy terms.

The delay suffered by Miss H and Mr J was clearly outside of their control and undoubtedly caused them inconvenience and additional expense. But the question at hand is whether the reason for the missed departure was something that the policy covered.

Insurers are entitled to decide what risks they will accept (in return for the premium). The events they will and won't cover just need to be clearly set out in the terms and conditions of the policy. The policy does provide cover for travel delay and missed departure, but only in certain circumstances. And I'm satisfied that the policy wording is sufficiently clear, as it sets out the specific events that are covered in the event of missed departures.

Overall, based on the available evidence, I'm satisfied that it was fair and reasonable for Zurich to decline the claim.

On another matter, I'd just like to clear up the issue of a settlement having been paid. Our investigator said that Zurich had paid Miss H a settlement amount. This led Miss H and Mr J to understand that Zurich had told us it had made a payment. That is not the case. In its internal system notes and other correspondence, Zurich uses the word 'settlement' when it should perhaps more accurately say 'outcome'. More confusingly, it talks about 'settlement amount' in this instance, even though that amount is zero. This led our investigator to conclude that some sort of payment had been made. I can see that our investigator has now apologised for any misunderstanding that was caused.

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 Miss H and Mr J to accept or reject my decision before 10 January 2024.

Carole Clark

Ombudsman