

The complaint

Miss S has complained that Zurich Insurance PLC declined a claim she made on her single trip travel insurance policy.

What happened

Miss S travelled abroad on 27 March 2023. She took out the policy on 28 March 2023 as she wanted winter sports cover for four days of skiing she was about to embark on.

Unfortunately, she had an accident later that same day and had to seek medical treatment and specialist dental care. She therefore made a claim for the cost of the treatment and the cost of the unused portion of lift pass and ski equipment. However, Zurich declined the claim on the basis that the circumstances were not covered under the policy terms.

In responding to Miss S's complaint, Zurich accepted that there had been delays in assessing the claim and offered her £50 compensation. However, it maintained its decision to decline the claim.

Our investigator thought that Zurich had acted fairly and reasonably in declining the claim, in line with the policy terms and conditions. And she thought that Zurich's offer of £50 was a reasonable response to the complaint.

Following contact with this service, Zurich has also recently refunded the policy premium. However, Miss S remains unhappy with the overall outcome 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.

Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it's willing to cover 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.

The reason Zurich declined the claim was that Miss S had taken out the cover after her trip had already started.

Looking at the policy terms, they state:

'Period of Insurance

Your holiday or journey must begin and end in your home area. Cover cannot start after you have left your home area.'

And:

'Are there any restrictions on cover?':

The outward and return journey must take place during the start date and end date shown on the schedule of cover.'

The insurance product information document (IPID), that sets out in headline form what the policy will and won't cover states:

'What is not covered?

Trips that commenced prior to purchasing this policy.'

Miss S says that the policy information wasn't provided to her until after she had bought it. However, when completing the application process online, the first question a potential purchaser is asked is:

'Are you resident in the UK?

The policy is only available to UK residents who are in the UK at the time of the purchase.'

Miss S says that she would have been prevented from buying the policy if Zurich's systems had recognised that she was using her phone abroad. But the intention of this initial question is to prevent someone from unnecessarily buying the policy if they are already abroad. I'm satisfied that the wording should have been sufficient to alert Miss S that she was ineligible to buy the policy at that point.

Miss S has explained that she already had an annual travel insurance policy with another provider, so she had cover for the days she was travelling out and returning. But she didn't have winter sports cover, so she took out the policy with Zurich to cover the four days in between when she was skiing. As such, she took out the policy in good faith.

I understand Miss S's reasoning and her good intentions. However, the question is whether those circumstances are covered under the policy terms – and unfortunately, I don't think they are.

It's not in dispute that her trip started on 27 March 2023 and that she bought the policy the next day. Based on the available evidence, I'm satisfied that Zurich has assessed the claim correctly.

Miss S says it would have been immediately clear to Zurich that she purchased the policy when already abroad. Therefore, as there was a delay in assessing the claim, she doesn't think that is the real reason it was declined. She thinks Zurich only decided to decline the claim when it found out the value of it.

As already mentioned, Zurich has apologised for the delay and offered compensation. The bottom line is that it is entitled to decline the claim because, having bought the policy whilst already on holiday, she falls outside the criteria for making a successful claim. I'm satisfied that is the reason the claim was declined, in line with the policy terms and conditions, rather than any consideration of the value of the claim.

I have a great deal of sympathy for the situation that Miss S finds herself in, having to pay for her own medical and dental expenses. However, I'm unable to conclude that Zurich has done anything wrong in declining the claim. I'm also satisfied that the £50 offered by Zurich is reasonable and proportionate for the delays that occurred. It follows that I do not uphold the complaint.

Additionally, as Zurich was never on risk – because there were no circumstances when it would ever have to pay out on the policy – it's appropriate that it should return the premium amount and I'm glad to hear that it has now done this.

My final decision

For the reasons set out above, I find that it was fair and reasonable that the claim was declined. So, I won't be asking Zurich Insurance PLC to do anything more. However, it should pay Miss S the £50 compensation now if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 5 April 2024.

Carole Clark

Ombudsman