

The complaint

Mr S has complained that Zurich Insurance PLC has only partially settled a claim he made on an annual travel insurance policy.

What happened

Mr S made a claim on the policy for £420 that he had lost whilst abroad in October 2023. Zurich agreed the claim but paid a settlement amount of only £200, which it said was the cash limit under the policy terms.

In responding to the complaint, Zurich acknowledged there had been some delay and poor service, so it offered £100 compensation. However, it maintained its decision with regard to the settlement amount.

Our investigator thought that Zurich had acted reasonably in settling the claim at £200. And she ultimately concluded that £100 was an appropriate amount for the distress and inconvenience caused.

Mr S disagrees 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.

Mr S says he was told over the phone that he would be covered for up to £500. Zurich can't find a call in which that is mentioned. However, even if that was the case, that doesn't mean we would ask Zurich to honour what was said. Instead, we would look at what happened against what should ideally have happened. In this case, if Mr S had been correctly advised, he would have understood at an earlier stage that he was only covered for £200 of his loss. So, he would have had his expectations raised by being told he was covered for more, but the policy would only ever have paid out £200.

Mr S says the policy wording is misleading.

Looking at the terms, under '*Personal money*', it states:

'We will pay for the following:

1. *We will pay up to the amount shown in the table of benefits if you lose or have cash stolen. You must give us proof that you owned them and proof of their value (this includes receipts, bank statements and cash withdrawal slips).'*

The table of benefits, under 'Personal money', then sets out that the maximum amount insured is £500 and that the cash limit is £200.

There is no definition of 'Personal money', so Mr S might have wondered what constituted that, other than cash. But the wording is clear that the limit for lost or stolen cash is £200. As he was only claiming for lost cash, I'm not persuaded that the wording would have caused him any major confusion.

I'm sorry for what happened to Mr S. He lost some cash and is out of pocket as a result. However, I'm satisfied that Zurich has correctly settled the claim, in line with the policy terms and conditions.

In terms of delay and poor service, including the possibility that Mr S had his expectations raised, I consider that £100 is a reasonable and proportionate amount to compensate him for any distress and inconvenience caused.

My final decision

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

Zurich Insurance PLC should pay the £100 compensation now if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 September 2024.

Carole Clark

Ombudsman