

The complaint

Miss C and Mr K have complained that Zurich Insurance Company Ltd declined a claim they made on their annual travel insurance policy.

What happened

Miss C and Mr K were within five days of a two-month trip abroad when Mr K's cousin passed away suddenly. They therefore curtailed their trip and made a claim on the policy. Zurich declined the claim on the basis that the circumstances are not covered under the policy terms.

In responding to the complaint, it acknowledged some delay and poor service, so it paid £200 compensation. However, it maintained its position in declining the claim.

Our investigator thought that Zurich had acted reasonably in declining the claim, in line with the policy terms. Miss C and Mr K disagree and therefore 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.

Firstly, I'd like to say how very sorry I am for Miss C and Mr K's loss. Not only was the deceased Mr K's cousin, but she was also Miss C's best friend. Their submissions have been very heartfelt and they all clearly shared a particularly close and special relationship.

I won't go into details about what happened, but the circumstances were extremely traumatic and have had a long-lasting and profound affect.

I'm sorry if what I am about to say comes across as dispassionate. I certainly mean no disrespect by it, but that is unfortunately the nature of ombudsman's decisions.

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.

In the policy terms, under '*Cancelling and cutting short of your holiday*', it states that claims will be accepted where the reason is that a relative dies, becomes seriously ill or gets injured.

The definition of '*Close relative or relative*' is:

'Husband, wife, civil partner or partner, common-law partner parent, parent-in-law, step-parent, legal guardian, children (including legally-adopted children, stepchildren and daughter and son-in-laws), sibling (including step-siblings and sister and brother-in-laws), grandparent, grandchild and a fiancé or fiancée of any insured person.'

From the above wording, it is clear that the death of a cousin is not an insured event under the policy terms.

Insurers are entitled to make their own commercial decisions about what they will and will not cover. As long as this is plainly set out in the policy terms, it is not something that we would generally interfere with.

In this instance I've considered whether, due to the unusually close relationship between Mr K and his cousin, I should ask Zurich to act outside the policy terms to settle the claim. However, on balance, I'm not persuaded that would be the right thing to do.

I have enormous sympathy with Miss C and Mr K's situation. They clearly couldn't have foreseen what happened and they no doubt acted as they had to in curtailing their trip. However, the question is whether those circumstances are covered under the policy terms, and I'm sorry to say that they are not.

Having considered all the available evidence, I consider it was fair and reasonable for Zurich to decline the claim. It follows that I do not uphold the complaint.

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 C and Mr K to accept or reject my decision before 30 September 2024.

Carole Clark
Ombudsman