

The complaint

Mr S' complaint is about a claim he made on a gadget insurance policy he took out with Zenith Insurance plc. He is unhappy that his claim for a lost mobile phone was declined because of the country the loss occurred in.

What happened

In March 2021 Mr S bought a gadget insurance policy for his mobile phone. The policy covered the phone for a year. The terms and conditions, which were sent to Mr S at the time, stated that:

CONDITIONS AND LIMITATIONS

*2. This insurance only covers **gadgets** bought in the countries within the **territorial limits** of the policy. ...No cover is provided for claims where **you** are travelling to a country where the Foreign and Commonwealth Office (FCO) have advised against all but essential travel.*

Mr S was visiting an ill family member in June 2021 when he lost his phone. The country he was visiting was one that the FCO had advised against all but essential travel. As such, when Mr S made a claim for the phone, he was told there was no cover available and the claim was declined.

Mr S wasn't happy about Zenith's decision and complained. Zenith responded, but didn't uphold the complaint or change its decision about the claim. It acknowledged that the circumstances were essential to Mr S, but it maintained that its decision was correct. However, it indicated in the letter that the policy exclusion took account of whether the reason for travel was essential or not.

Mr S wasn't happy with Zenith's response and referred the complaint to this service. Following one of our investigator's initial comments on the complaint, Zenith clarified that the policy exclusion was not reliant on whether the reason for travel was essential or not. Rather there was no cover for travel to countries where the FCO had advised against all but essential travel, whether the reason for travel was essential or not.

Ultimately, our investigator concluded that the policy didn't provide any cover for Mr S' loss, and that Zenith had done nothing wrong in declining the claim. Mr S didn't accept the investigator's conclusion as he considered that the wording was confusing. He didn't think that the rejection of the claim was fair, as the loss had nothing to do with the country he was in at the time. Nor did he think that the reason for the FCO giving the advice it had, would have increased the risk of him losing the phone, which again made Zenith's rejection of the claim unfair. He asked that the investigator reconsider her findings.

The investigator considered Mr S' further comments, but she wasn't persuaded to change her conclusions. Mr S asked that the complaint be referred to an ombudsman for review.

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.

Mr S has said that he thinks the policy exclusion is unclear. I have considered this, but I can't agree with him. The exclusion says that no cover is provided in a country if the FCO has said not to travel other than for reasons that are essential. It doesn't say that no cover is provided for non-essential travel to such a country or provide any other exceptions to the lack of cover.

I can understand why Mr S is unhappy that his claim was declined. However, an insurer is entitled to decide what risks it is willing to accept. In this case, Zenith decided that it was not willing to insure items taken to countries where the UK government had recommended against travel, unless the reason was essential. Irrespective of whether Mr S agrees with Zenith's reasons for not offering cover in certain countries, it was entitled to make that decision, and many insurers have similar policy exclusions for such countries in place.

As such, when Mr S travelled to such a country, effectively the policy temporarily ceased to cover his mobile phone. In light of that, I can't find that Zenith was wrong to decline Mr S' claim for the loss of his phone.

My final decision

My final decision is that I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I am required to ask Mr S to accept or reject my decision before 14 March 2022.

Derry Baxter
Ombudsman