

## **The complaint**

Mr and Mrs H are unhappy that Zurich Insurance Company Ltd declined a claim they made under their travel insurance policy.

## **What happened**

Mr and Mrs H purchased a single trip travel insurance policy, which provided cover for various pre-departure and post-departure risks. The policy was issued on 1 July 2022 and was to cover a trip from 17 September 2022 to 1 October 2022. The trip Mr and Mrs H were due to go on was a cruise.

Mr and Mrs H have explained that they went on holiday as planned. But, on 25 September 2022 they were told to isolate in their cabin on the ship, because Mrs H was feeling unwell, and there were concerns that she could be poorly with Covid-19. Mrs H then tested positive for Covid-19 on 27 September 2022, with Mr H also receiving a positive test result for Coronavirus two days later. Mr and Mrs H said they had to isolate in their cabin until the end of their trip on 1 October 2022.

Because Mr and Mrs H had to isolate in their cabin from 25 September 2022 Mr and Mrs H said they weren't able to continue with their cruise holiday as planned. They said this meant they effectively lost out on £2,244 they had paid for the portion of the holiday they could no longer use. As Mr and Mrs H felt they'd lost out, they made a claim under their travel insurance policy for the £2,244.

Zurich considered Mr and Mrs H's claim and declined it. Zurich said the policy did generally provide cover for cabin confinement – but not when this was related to Covid-19. It said there wasn't any other cover applicable to their situation. And so, their claim couldn't be settled.

Mr and Mrs H didn't agree this was fair. Their claim form had noted they were making a claim for curtailment of their trip due to illness. And they felt their claim should be paid under that section of the policy, as they considered their trip had been cut short by the need to isolate in their cabin.

Zurich maintained its position on Mr and Mrs H's claim. But it accepted there had been some delays in dealing with the claim and offered £75 compensation in respect of these delays. Mr and Mrs H remained dissatisfied with Zurich's position on the matter. So, they referred their complaint to this service for an independent review.

Our investigator considered this complaint and felt it should be upheld. They accepted that the policy didn't provide cabin confinement cover for the circumstances Mr and Mrs H found themselves in. But they felt it would be fair and reasonable for Zurich to consider Mr and Mrs H's claim under the curtailment section of the policy. Our investigator said this was because they thought Mr and Mrs H's holiday was effectively curtailed as they were confined to their cabin.

In addition, our investigator considered the £75 compensation offered to Mr and Mrs H to be fair.

Mr and Mrs H agreed with our investigator's outcome. But Zurich didn't. Zurich considered that its policy was clear in noting the cover it provided – and Zurich said the policy didn't cover the situation Mr and Mrs H found themselves in. Zurich also said that it didn't agree effective curtailment applied on this case.

Because Zurich didn't agree, this complaint has been referred to me to decide.

I issued a provisional decision on this complaint. In this I said:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Having done so, I'm intending on requiring Zurich to pay £75 compensation to Mr and Mrs H for the delays they experienced in the progression of their claim – if Zurich hasn't already paid this to them. But I'm not intending on requiring Zurich to change its decision on the claim.*

*I appreciate Mr and Mrs H are going to be disappointed this with. It's clear they feel strongly about the matter – and I can understand why. They'd taken the trip to celebrate a wedding anniversary and being poorly meant the trip couldn't be enjoyed as hoped. But I've explained why I'm intending on coming to this decision below.*

*It's important to note that I have considered all information submitted by the parties so far. But when detailing my intended decision, I've only referred to what I consider necessary to explain my reasoning. This isn't intended as a discourtesy, but rather reflects the informal nature of this service.*

*When considering complaints such as this, I need to consider the relevant law, rules and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly and fairly, and not unreasonably decline it. So, I've thought about whether Zurich acted in line with these requirements, when it declined to settle Mr and Mrs H's claim.*

*As above, Mr and Mrs H were confined to their cabin from 25 September 2022. This has been evidenced by a letter from their cruise operator. As Mr and Mrs H were confined to their cabin, I've reviewed the cabin confinement section of their policy, which is under section 17. This being because it's the relevant section for then policyholders need to stay in their cabin during their trip.*

*On doing so, I can see the following is detailed under that section:*

*"You are covered*

**We** will pay up to the amount shown in the summary of cover on pages 8 and 9 for each 24 hour period that **you** are confined by the ships medical officer to **your** cabin for medical reasons during the period of your trip.

*You are not covered*

*(...)*

*2) anything mentioned in the general exclusions."*

*The general exclusions section of the policy contains an exclusion related to claims caused by, or resulting from Coronavirus, as below:*

*“ (...)*

*26) any claims caused by or relating to Coronavirus (meaning COVID-19 or severe acute respiratory syndrome coronavirus (SARS-COV-2) or any mutation or variation of these), including any claims related to any fear or threat concerning Coronavirus, unless **you** have had the recommended vaccination(s) (or we medically unable to have the vaccination as evidenced by **your** medical records) and the claim arises under:*

- Section 1 or two, because you or a member of your family or travelling party are medically diagnosed with Coronavirus or personally instructed to isolate by an NHS service or medical professional; or*
- Section 4 because you need medical treatment for Coronavirus whilst abroad.*

*(...)*

*No other cover applies in respect of claims caused by or relating to Coronavirus.”*

*Given the above, I’m aware the policy only covers claims related to Coronavirus, under the sections mentioned above, and not in any other area of the policy. Section 17, cabin confinement, isn’t one of the sections where cover for claims due to coronavirus are covered. So, I’m satisfied Zurich acted fairly in noting the claim wasn’t covered by this section. The policy terms are clear on this. It’s detailed in the sections mentioned above, as well as earlier in the policy booklet, on a separate addendum to cover. And is noted on the Insurance Product Information Document (IPID) Mr and Mrs H would have been provided with on purchasing their policy.*

*As only sections one, two and six provide cover for claims related to Coronavirus – and Mr and Mrs H’s claim was due to Covid-19, I’ve needed to think about whether Zurich acted fairly in noting none of these sections apply to Mr and Mrs H’s loss.*

*I’m satisfied sections one and six don’t apply. Section one is for cancellation of a trip. Mr and Mrs H didn’t cancel their trip – they did go on it. And section six is for medical emergency expenses. Which I’m aware is not what Mr and Mrs H’s claim is for. So, I’m also satisfied Zurich acted fairly by not dealing with the claim under these sections.*

*I’ve therefore considered whether Zurich acted fairly in noting section 2 – which provides cover for curtailment doesn’t apply to the loss. This is the section Mr and Mrs H feel is fitting for their loss. But haven’t considered this, I don’t agree.*

*Mr and Mrs H’s trip wasn’t curtailed. Curtailment is defined within the policy as returning early to home in the United Kingdom. And the curtailment section explains it covers certain costs where the trip has to be curtailed and a return home earlier than originally planned is necessary, because of circumstances such as illness.*

*Mr and Mrs H didn’t cut their trip short and return home. So, this section of the policy doesn’t apply to Mr and Mrs H’s circumstances. They were confined to their cabin – and it’s that section that applies.*

*I understand our investigator considered that the trip was effectively curtailed – because Mr and Mrs H needed to stay in their cabin. And I do understand that Mr and Mrs H were no longer able to enjoy the cruise in the way they had planned – given the need to stay in their cabin. But, based on a strict interpretation of the policy terms, their holiday wasn’t curtailed. So, I’m satisfied this section of cover doesn’t apply to Mr and Mrs H’s circumstances.*

*And as above, Zurich made it clear within the policy that it didn't intend to cover the situation where Mr and Mrs H were confined to their cabin because of Covid-19. And that's what happened here. As the policy doesn't provide cover in this circumstance, and no other section of cover applies, I'm satisfied it wouldn't be fair to note the claim should be covered in another way. Zurich acted fairly and reasonably, and in line with the policy terms when declining Mr and Mrs H's claim. So, I don't intend on requiring it to do anything differently in this respect.*

*Lastly, Mr and Mrs H have said they experienced delays in the progress of their claim. Zurich has accepted this was the case, and said the claim took longer than it should have. Zurich apologised for this delay and offered Mr and Mrs H £75 compensation for the inconvenience caused to them as a result of the delay. As Zurich has accepted there were delays in progressing Mr and Mrs H's claim I haven't needed to consider this further.*

*Rather, I've needed to consider whether the £75 compensation offered is fair and reasonable, to reflect the impact the delay had on Mr and Mrs H. Having considered this, I'm satisfied the £75 is fair. I say this because whilst awaiting the delayed claim outcome of the claim wouldn't have had a large impact on Mr and Mrs H's day-to-day lives, it would have been frustrating and inconvenient, given the expectation for claims to be dealt with promptly. So, if Zurich hasn't already paid this to Mr and Mrs H it should now do so."*

Zurich didn't respond to this provisional decision. Mr and Mrs H responded and explained they didn't agree. In summary, Mr and Mrs H were disappointed, and questioned why they took out insurance. And Mr and Mrs H reiterated that they considered the policy wording gave them a false impression of the cover.

### **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.

Having done so, I've decided Zurich should pay £75 compensation to Mr and Mrs H for the delays they experienced in the progression of their claim, if Zurich hasn't already paid this to them. But I don't require Zurich to change its decision on the claim.

I have considered Mr and Mrs H's further comments. But the points raised were already addressed in my provisional decision. There hasn't been any further comments or evidence from either party that alters my findings on this complaint, or the reasoning for it. And so, my decision remains the same as that in my provisional decision, and for the same reasons.

### **My final decision**

Given the above, my final decision is that I require Zurich Insurance Company Ltd to pay Mr and Mrs H £75 compensation, if it hasn't done so already. I don't require it to do anything different in relation to the outcome of Mr and Mrs H's claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 27 June 2023.

Rachel Woods  
**Ombudsman**