

The complaint

Mr O and Mrs S are unhappy that Zurich Insurance Plc only paid part of a claim made under their travel insurance policy.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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.

Zurich has an obligation to handle insurance claims fairly and promptly. And it mustn't unreasonably decline a claim.

Claim for medical expenses

It isn't disputed that Mr O and Mrs S paid some money in advance for the medical treatment Mr O needed whilst abroad. And the final bill was more than this.

The certificate of insurance reflects that there's a £500 excess for medical costs claimed under the policy. And the policy says the policyholder will have to pay the first part of any claim by way of excess. So, I don't think Zurich has unreasonably relied on the terms of the policy to conclude that Mr O and Mrs S are required to pay the remainder of the excess before it will look to settle the remaining bill directly with the medical facility.

As of the date of Zurich's final response letter (August 2023) I've seen nothing which persuades me that the outstanding part of the excess had been paid by Mr O and Mrs S. So, I don't think Zurich has acted unreasonably by not settling the claim for medical costs.

Claim for delayed baggage

The policy terms and conditions say it will cover a claim for delayed baggage:

Up to £150 towards the cost of buying replacement necessities if your own personal baggage is delayed in reaching you on your outward journey for at least 12 hours and you have a written report from the carrier. Receipts will be necessary in the event of a claim.

Mr O and Mrs S couldn't provide receipts for buying replacement necessities, due to their baggage being delayed. Zurich still accepted this claim in the sum of 172.95 euros which it calculated to be £151.21 based on the exchange rate at the time. That was more than the financial limit of £150 for this section of the policy.

It also deducted from the financial limit, £139.89 which converted to 160 euros – which is the amount the airline had agreed to pay Mr O and Mrs S in respect of the delayed baggage.

Mr O and Mrs S say the airline hasn't yet paid this amount to them. And I find their submissions on this point persuasive, and I accept what they say. I've seen correspondence between Mr O and the airline which reflects that he's been chasing for the payment offered and it hasn't been paid due to the airline saying it doesn't have the correct SWIFT and IBAN details for his account.

However, I've seen documentary evidence which supports that the correct details had been provided to the airline, so it looks like an impasse has been reached. It's possible that Mr O and Mrs S still might be able to recover the money from the airline or that they may be able to utilise another dispute resolution service to pursue a complaint directly against the airline to recover the amount it's already offered to pay.

Term 2 of the policy's general exclusions says the following isn't covered:

Any costs which are recoverable elsewhere. For example, tour operator, holiday company, credit card provider.

In the particular circumstances of this case, although the airline has offered 160 euros to Mr O and Mrs S, I don't think it would be fair and reasonable for Zurich to rely on the general exclusion to conclude that the amount claimed for baggage delay is recoverable from elsewhere.

I'm satisfied that Mr O and Mrs S have taken reasonable steps to try to get compensation from the airline and hasn't been able to. And although they may be able to recover the amount offered by the airline via another dispute resolution service, I don't think they should now reasonably be required to do so when the policy covers delayed baggage and that the offer from the airline was first made over 18 months ago.

Putting things right

I direct Zurich to pay Mr O and Mrs S the equivalent of 160 euros converted into British pounds – which I understand is £139.89.

My final decision

I partially uphold this complaint and direct Zurich Insurance Plc to put things right as I've set out above. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O and Mrs S to accept or reject my decision before 4 March 2024.

David Curtis-Johnson
Ombudsman