

The complaint

Mrs J and Mr J complain about Zurich Insurance Company Ltd (Zurich) declining a claim under their home insurance policy for the theft of personal possessions while in a vehicle.

Zurich use agents to administer the policy and to assess claims. References to Zurich include these agents.

What happened

Mrs J and Mr J had a home insurance policy with Zurich. In September 2023 they were using their vehicle to help their daughter move into a new flat. The vehicle was being used to transport a large quantity of possessions, meaning the rear seats were folded forward to enable more possessions to be carried. The vehicle was loaded up the roof line in the rear and all footwells (except for the driver's seat) were filled. Items were covered and protected. Some delicate and more expensive items, including a laptop, were in a bag partially tucked under the front passenger seat and covered with a jacket.

Mrs J and Mr J parked the vehicle in the street, opposite their daughter's new flat, leaving it locked. They went into the flat to check it out, but when they returned to their vehicle they noticed the nearside front passenger window had been smashed. The bag had been stolen, along with a package. They reported the theft to the police, who provided a crime reference number. They contacted their motor insurer and Zurich the following day to report the theft and lodge claims, to their motor insurer for the damage to the vehicle and to Zurich for the theft of the bag – the motor insurer advised their policy only covered contents of a vehicle up to a value of £500.

Zurich considered the claim, but they declined it. They said the claim fell under personal possessions outside the home. However, the policy wording stated they wouldn't pay for thefts from an unattended motor vehicle unless the vehicle was locked, and the property was hidden in a glove or luggage compartment.

Unhappy at the decline of their claim, Mrs J and Mr J complained to Zurich. Zurich didn't uphold the complaint. In their final response in April 2024, they confirmed their decision to decline the claim because the stolen items weren't hidden in glove or luggage compartment. They referred to the relevant policy terms and conditions. However, they accepted the claim should have been handled with more sensitivity given the difficult circumstances of the theft. They also accepted there had been unacceptable delays in the handling of the claim. By way of an apology, Zurich offered £300 compensation.

Mrs J and Mr J then complained to this Service. They were unhappy at Zurich declining their claim on the grounds the stolen possessions weren't in a glovebox or luggage compartment. They'd lost possessions to the value of some £3,000. As their vehicle was a hatchback with folding rear seats, they maintained the whole vehicle was potential luggage space and it was common practice for people to transport items using the folding seats to increase luggage space. They wanted to be reimbursed for the stolen possessions and wording of the exclusion made clearer.

Our investigator didn't uphold the complaint. She thought the theft would have been covered under the policy, had all the policy terms been met. However, she concluded it reasonable for Zurich to say the claim didn't meet the policy terms. While the policy didn't define 'luggage compartment', publicly available sources indicated the term usually meant the 'boot' or 'trunk' of a vehicle' and a separate space from the passenger compartment. Even with the rear seats folded down, she didn't think the space under the front seat would be a luggage compartment. So, Zurich acted fairly in declining the claim.

On the handling of the claim, the investigator noted Zurich agreed there were some delays in handling the claim and the communication could be better. She thought Zurich's offer of compensation and access to support services was fair.

Mrs J and Mr J disagreed with the investigator's view and asked that an ombudsman review the complaint. They felt it unfair they should lose out because of Zurich declining their claim.

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.

My role here is to decide whether Zurich have acted fairly towards Mrs J and Mr J.

The key issue in the complaint is whether Zurich acted fairly in declining Mrs J and Mr J's claim for the theft from their vehicle. Mrs J and Mr J say the possessions were covered in the vehicle and that the whole vehicle was being used as a luggage compartment at the time of the theft. Zurich say the policy terms and conditions are clear in excluding thefts from an unattended vehicle of possessions not in a glove or luggage compartment.

Having considered carefully all the information and evidence in this case, from Mrs J and Mr J and from Zurich, I've concluded Zurich have acted fairly in declining the claim. I know this will be disappointing to Mrs J and Mr J, so I'll set out why I've reached this conclusion. In declining the claim, Zurich refer to the following policy terms and conditions under the *Personal possessions section*:

“Events

We cover, anywhere in the world, sudden and unexpected loss of or physical damage to the specified and unspecified items shown in your schedule and/or personal possessions specification that are owned by you or your family or for which you or they are responsible.

We will not pay for:

- *Theft from an unattended motor vehicle unless the vehicle was securely locked and the property was hidden in a glove or luggage compartment.”*

I think this wording is clear. Looking at the circumstances of the theft described by Mrs J and Mr J, the stolen bag was located partially under the front passenger seat, covered by a jacket. I don't think this location could reasonably be described as being 'hidden in a glove or luggage compartment'.

Mrs J and Mr J argue that the hatchback nature of their vehicle means the vehicle becomes a luggage compartment when the rear seats are folded down, to increase luggage capacity. I don't agree. Even though covered by a jacket, the bag wasn't in a location whose purpose can be reasonably described as a 'luggage compartment'. And while folding the rear seats

increases luggage capacity, I don't think this could reasonably extend to include partially under a front seat (a footwell). I think it's reasonable to interpret the meaning of the policy reference to glove and luggage compartment to mean areas of the vehicle where possessions would be in a separate location and hidden from view.

A location under the front passenger seat wouldn't have been secure, and the thieves would have been able to see into the vehicle and observe there were possessions. The fact they smashed the front passenger window suggests they could see possessions inside and therefore the opportunity to steal them (I've noted Mrs J and Mr J in their description of the theft acknowledge the easiest way to access any items would be through the front [passenger] window). The thieves found the bag (and package) and took them.

In acknowledging delays in handling the claim and shortcomings in their communication, Zurich have awarded £300 compensation and offered access to support services. I recognise the incident was very traumatic and upsetting for Mrs J and Mr J and their daughter (whose possessions were taken in the theft).

I've considered Zurich's compensation award in the specific circumstances of the case, and also against this Services' published guidelines on awards for distress and inconvenience. Taking account of the circumstances of the case and our published guidelines, I think Zurich's award of £300 and access to support services is fair and reasonable.

Taking all these points and conclusions into account, I think Zurich have acted fairly towards Mrs J and Mr J, so I won't be asking them to take any further action.

My final decision

For the reasons set out above, it's my final decision not to uphold Mrs J and Mr J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J and Mr J to accept or reject my decision before 8 November 2024.

Paul King
Ombudsman