

The complaint

Ms E and Mr P complain that Zurich Insurance Company Ltd declined their travel insurance claim. My references to Zurich include its agents.

What happened

Ms E and Mr P had single trip travel insurance covering their extended trip. The insurer was Zurich. Ms E and Mr P bought the additional policy cover for travel disruption.

During Ms E and Mr P's trip their flight from Australia to New Zealand was delayed due to the inbound aircraft being unable to depart as scheduled as a result of adverse weather. The airline changed Ms E and Mr P's flight to New Zealand for about 24 hours later at no cost but the airline didn't provide overnight accommodation. Mr P called Zurich's emergency helpline about the delay. He says the call handler told him that he and Ms E would be covered as they'd purchased the extended delay cover, so they booked overnight hotel accommodation.

When Ms E and Mr P claimed for the accommodation cost Zurich declined the claim. Initially it said the travel extension cover Ms E and Mr P bought only applied if the criteria for the delayed departure section was met, and their circumstances didn't meet the criteria. Zurich also gave other reasons for declining the claim. Its final response letter said the claim wasn't covered as the delay was with an *'internal flight to allow them to travel around Australia'*.

Ms E and Mr P complained to us as they believe the policy does cover their claim. They'd explained to Zurich that the delayed flight was from Australia to New Zealand and they said Zurich's reasons for the decline were 'odd' and wrong. They want Zurich to:

- Pay their claim for the accommodation cost.
- Pay them compensation for the two days they spent in dealing with the complaint while they were on holiday which they calculated to be compensation of £180 each.
- Refund the policy premium of £379.29 as they said Zurich had gone against the terms of the policy and had 'breached their trust'.
- Amend the policy wording to show it doesn't cover multiple flights during a trip if Zurich doesn't intend to cover multiple flights.

Ms E and Mr P also want compensation from the policy seller. They said the name of the website which sold the policy included the word 'multi trip' and that was misleading if the policy didn't cover long trips with multiple flights. They said they were led to believe the policy would cover multiple flights which is why they bought the policy.

During our investigation Zurich told us it declined the claim because the delay was after Ms E and Mr P's outbound journey from the UK had been completed and they had been in their destination country, Australia, for some time.

Our Investigator said Zurich had reasonably declined the claim. She also said there was no

basis for her to say Zurich should pay Ms E and Mr P compensation.

Our Investigator told Ms E and Mr P that before we could consider their complaint about the policy being mis-sold they would first need to complain to the policy seller to enable it to consider and respond to their concerns.

Ms E and Mr P didn't agree and wanted an Ombudman's decision.

Before I made my provisional decision I asked Ms E and Mr P for their trip itinerary and what they would have done if Zurich hadn't initially told them the accommodation would be covered. Ms E and Mr P said they were on a round the world trip, one leg of the trip being Australia to New Zealand. They had a friend in the city of Australia where they were delayed who they might have been able to stay with for a single night. I asked Zurich to send us the call Mr P made to its emergency line when he first told Zurich about the delay. It sent us some call recordings which I detailed in my provisional findings.

What I provisionally decided – and why

I made a provisional decision that was intending to uphold the complaint. I said:

'I've considered all the points Ms E and Mr P and Zurich have made but I'll focus on the reasons why I've made my decision and the key points which I think are relevant to the outcome of this complaint.

Our Investigator correctly told Ms E and Mr P that they would need to first raise their concerns that the policy had been mis-sold with the seller of the policy before we could consider a mis-sale complaint. This decision is only about whether Zurich fairly and reasonably declined the claim.

The relevant regulator's rules say that insurers must handle claims promptly and fairly and they mustn't turn down claims unreasonably.

I'm intending to uphold the complaint as I think Zurich unreasonably declined the claim and unfairly handled it. I'll explain why.

The policy at 'Section K1/ K2: Delayed Departure / Holiday Abandonment' says:

'What is Covered

*If departure of the scheduled Public Transport on which You are booked to travel is **delayed at the final departure point from or to the United Kingdom** (my emphasis) for:*

a) at least 12 hours from the scheduled time of departure in respect of subsection K1– Delayed Departure (see below) due to:

...

iii) adverse weather conditions

...

We will pay You:

1. Delayed Departure – The amount shown in the Policy Schedule for the first completed 12 hours delay and an additional amount for each full 12 hours delay

thereafter up to the maximum amount shown in the Policy Schedule’.

So section K of the policy only covers a delayed flight at the final departure point from or to the UK. Ms E and Mr P’s delayed flight wasn’t at the final departure point from or to the UK so their claim isn’t covered by section K.

But Ms E and Mr P had purchased the optional ‘Section R2 / R3: Extended Delayed Departure / Extended Holiday Abandonment Cover which says:

‘What is Covered

Section K1 – Delayed departure is extended to include the following cover. We will pay You one of the following amounts:

*1. If the scheduled Public Transport on which You are booked to travel is cancelled or delayed, leading to Your departure being delayed for more than 12 hours **at the departure point of any connecting Public Transport in the United Kingdom or to Your overseas destination or on the return journey to Your Home** (my emphasis) We will pay You for the first completed 12 hours delay and for each full 12 hours delay after that, up to the amount shown in the Policy Schedule (which is meant to help You pay for telephone calls made and meals and refreshments purchased during the delay) provided You eventually continue the Trip.*

2. We will pay You up to the amount shown in the Policy Schedule for:

...

b) suitable additional accommodation (room only) and travel expenses necessarily incurred in reaching Your overseas destination and / or in returning to the United Kingdom as a result of:

i) the Public Transport on which You were booked to travel being cancelled, delayed for more than 12 hours, diverted or re-directed after take-off

...

You can only claim under subsections 1. or 2. for the same event, not both’.

There’s no policy definition of ‘overseas destination’ so the phrase doesn’t have to mean a trip’s initial overseas destination as Zurich suggests (which wasn’t Australia for Ms E and Mr P’s trip).

I think Ms E and Mr P’s claim is covered by the above wording in section R2 of the policy. During their round the world trip their flight was delayed for more than 12 hours at the departure point of their connecting flight from Australia to their next overseas destination, New Zealand.

Even if I thought a strict interpretation of the policy wording in section R2 didn’t cover Ms E and Mr P’s circumstances (and I think it does) the policy wording can be reasonably read to mean the claim is covered. Where there’s ambiguity in policy wording it’s fair and reasonable for the wording to be read in favour of the consumer, so the claim is covered.

Anyway, even if Zurich was correct and the policy wording didn’t cover Ms E and Mr P’s flight I’d generally consider a gap in policy cover for any connecting transport to be a significant exclusion. And that needs to be clearly brought to the policyholder’s attention in

the policy terms and conditions and the Insurance Product Information Document (IPID).

I can't see there's mention in the IPID or policy document that any connecting flights aren't covered. As Zurich hasn't highlighted that on its interpretation of the policy wording there's no cover for connecting flights it's fair and reasonable for the connecting flight to be covered if it meets the other delay departure cover criteria. Ms E and Mr P's delayed flight does meet the criteria, it was delayed for over 12 hours.

Overall I think Zurich unreasonably declined the claim. It must pay the claim for Ms E and Mr P's additional accommodation costs. Interest must be added as I've detailed below. From my understanding of the policy wording there's no excess payable for a claim under section R2.

I asked Zurich to send us the call recording of Mr P's initial call to it about the delay to see what it told him about cover. The call recordings I've heard don't give any information about that as the recording of the first call cuts off while Zurich's call handler has put Mr P on hold to look at the policy. As I'm intending to say that Zurich should pay the claim on the policy terms I don't need to hear the other part of the call to decide whether or not Ms E and Mr P were disadvantaged by what Zurich told Mr P.

Zurich should pay Ms E and Mr P compensation for the unfair way it's handled their claim. It gave them several wrong reasons for declining the claim. Ms E and Mr P were understandably annoyed and very frustrated that one of the reasons Zurich gave was that they were claiming for a delayed internal flight in Australia when Mr P had clearly explained the full circumstances.

I don't generally award compensation based on calculation of time spent and there are no reasons to do so in this case. I look at the overall distress and inconvenience caused and in these circumstances, when Ms E and Mr P were dealing with Zurich while they were on their holiday, I think £200 compensation in total is reasonable.

Zurich doesn't need to refund the policy premium. Whether or not Ms E and Mr P made a successful claim the policy gave them cover for their trip for many insured events. Although I've referred above to what Ms E and Mr P need to do if they want to raise a mis-sale complaint it's fair for me to tell Ms E and Mr P that as I'm intending to say that the claim should be paid under the policy it's unlikely that we'd uphold a mis-sale complaint.

It's for an insurer to decide the wording of their insurance policy and it's not my role to tell an insurer that it must include specified wording in a policy. But I've detailed above why I think Zurich unreasonably declined the claim given this policy wording'.

Responses to my provisional decision

Ms E and Mr P accepted my provisional decision. Zurich didn't provide a substantive response by the given response date.

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.

As Ms E and Mr P accept my provisional decision and Zurich hasn't provided a substantive response I've no reason to change my mind. I uphold this complaint.

For the reasons I've given in my provisional findings and these findings I think Zurich

unreasonably declined the claim. It must pay the claim for Ms E and Mr P's additional accommodation costs plus interest as I've detailed below. Zurich must also pay Ms E and Mr P £200 compensation in total for the inconvenience and distress caused to them by its poor claim handling.

My final decision

I uphold this complaint and require Zurich Insurance Company Ltd to:

- Pay Ms E and Mr P's claim for hotel accommodation plus 8% simple yearly interest* on that amount from the date of claim until the date of settlement, and
- Pay Ms E and Mr P £200 compensation in total for the inconvenience and distress caused to them by its poor claim handling.

*If Zurich Insurance Company Ltd considers that it's required by HM Revenue & Customs to take off income tax from that interest it should tell Ms E and Mr P how much it's taken off. It should also give Ms E and Mr P a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E and Mr P to accept or reject my decision before 22 November 2024.

Nicola Sisk
Ombudsman