

The complaint

Mr N complains Zurich Insurance Company Ltd unfairly declined his travel insurance claim.

Zurich's been represented by an agent during the claim. For simplicity I've referred to the agent's actions as being Zurich's own.

What happened

In June 2024 Mr N was due to take a flight abroad. Unfortunately the flight was cancelled as a result of a power failure at the airport. Unable to book an alternative flight he had to cancel his trip.

Mr N made a claim for his loss against his Zurich travel insurance policy. The claim was declined. Zurich said the relevant section of his policy only covers cancellation due to specific reasons – these being strike, industrial action, adverse weather conditions, mechanical breakdown or a technical fault. It said the reason for cancellation was of an operational nature, so isn't covered by his policy.

In response Mr N said a power failure is a technical fault, so the claim should be covered. Zurich responded to explain for a technical fault to be covered it had to be a fault with the aircraft itself - not the airport. Frustrated with Zurich's decision Mr N raised a complaint. He said the policy terms don't state operational faults aren't covered.

In response Zurich said the claim had been declined in line with the wording of Mr N's policy. Unsatisfied with that response Mr N referred his complaint to the Ombudsman Service. He said it was unfair his claim had been declined as the flight cancellation was outside of his control. To resolve his complaint he would like Zurich to cover his claim and to pay him compensation.

Our Investigator found Zurich's decline to be fair and in line with the terms of the policy. As Mr N didn't accept that outcome the complaint was passed to me to decide.

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 this is an informal service I'm not going to respond here to every point or piece of evidence Mr N and Zurich have provided. Instead I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted.

I've reviewed the terms of Mr N's policy. Section 1 is the relevant part considered by Zurich. That provides cover for cancellation or curtailment of trips - but only where those are caused by certain listed events.

The event most relevant to Mr N's claim is listed under the cancellation cover:

'your outward journey booked on a scheduled public transport is delayed at the final departure point for more than 24 hours beyond schedule due to strike or industrial action, adverse weather conditions or mechanical breakdown of or a technical fault occurring in the scheduled public transport on which you are booked to travel'.

Zurich accepts there was a 'technical fault' – the airport power failure. But it states the policy requires, for cover, there to be a technical fault with the aircraft itself.

The above term does require '...a technical fault occurring in the scheduled public transport...'. And the policy terms define 'public transport' as 'Any mechanically propelled transport vehicle by road, rail, sea or air operated by a public transport carrier on which you are booked to travel'.

I'm satisfied the term requires the technical fault to have been with the aircraft Mr N was booked to fly on. But in Mr N's circumstances the technical fault was with the airport. So Zurich's decline of the claim was in line with the terms of the policy. I've also considered Mr N's circumstances against Section 2 of the policy. That covers delayed departure, but again the most relevant insured event requires a technical fault to be in the public transport, or aircraft, itself.

Mr N has said the policy terms don't state that operational faults aren't covered. I accept that it doesn't. That cause of loss is specifically excluded. But insurance policies don't cover all events or causes of loss. Instead usually they set out what causes of loss are covered. And a claim is required to meet one of the causes listed. Unfortunately Mr N's circumstances aren't covered by the causes of loss set out in his policy and so there is no cover for his loss.

Having considered everything I'm satisfied Zurich's claim decline was fair and in line with the terms of the policy.

My final decision

For the reasons given above, I don't uphold Mr N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 27 January 2025.

Daniel Martin
Ombudsman