

The complaint

Mr S is unhappy with the amount quoted by Zurich Insurance PLC to continue with his annual, multi-trip travel insurance policy ('the policy') after he'd contacted it to declare a change in health. Mr S also says that he has been discriminated against.

All references to Zurich include its appointed representatives.

What happened

During the policy year, Mr S contacted Zurich to tell it about a change in medication for an underlying health condition, which he says had a beneficial impact on his health. He also declared awaiting day surgery for another (unrelated) condition.

Mr S was asked further questions and he was quoted an additional premium of around £60 for this amendment including Insurance Premium Tax and an administration fee.

Mr S complained to Zurich. It maintained it had acted fairly by increasing the premium to take into account the change in medication. However, as a gesture of goodwill it did offer to waive the administration fee so that the necessary amendment could be made to the policy.

Unhappy, Mr S brought his complaint to the Financial Ombudsman Service and thereafter, Zurich offered to partially refund the premium he paid for the policy backdated to the start of May 2024, when he contacted Zurich to declare a change in medication (totalling around £30). That's on the basis that he hadn't travelled since 1 May 2024 or submitted a claim on the policy. Our investigator looked into what happened and considered Zurich's offer to be fair and reasonable.

Mr S disagreed. So, this complaint has been passed to me to consider everything 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.

When doing so, I'm required to take several things into account including relevant law, regulations and what I consider to be good industry practice at the time.

Mr S has made reference to the Equality Act 2010 ('the Act').

I think it's important for me to explain that it's not the role of the Financial Ombudsman Service to determine whether a business has acted unlawfully or not (and that includes breaching the Act) – that's a matter for the Courts. Our role is to decide what's fair and reasonable in all the circumstances of each individual complaint.

However, because Mr S's underlying health condition for which his medication was changed is a disability under the Act, and because Mr S says he has been indirectly discriminated

against because of his sexual orientation, I'm satisfied that the Act is relevant law and I've taken it into account.

Has Zurich acted fairly and reasonably?

I'm satisfied that Zurich has acted fairly and reasonably when quoting Mr S a higher premium partly because he'd declared a change in medication during the policy period.

Before I explain why I want to acknowledge that I understand from Mr S's perspective why he feels the increased quote was unfair, particularly as the medication he'd been prescribed was having a beneficial impact on his health. I also appreciate that his medication wasn't changed because the underlying condition he was taking the medication for was unstable; but rather how that medication was impacting the effectiveness of medications he was taking for an unconnected condition.

However, having considered the pricing information Zurich has provided, I'm satisfied that it's calculated the increased quote in line with its pricing criteria.

I've gone on to consider whether it's acted fairly and reasonably in the circumstances of this case when increasing the quote for the premium during the term of the policy. And I'm persuaded that it has.

Under the Act (at section 21 of Schedule 3) there's an insurance exception in respect of disability discrimination.

Simply put, the provisions of the Act relating to disability discrimination do not apply to anything done in connection with insurance business if:

- it's done by reference to information which is both relevant to the assessment of the risk to be insured and from a source on which it is reasonable to rely; and
- it's reasonable to do that thing.

Zurich has provided information in support of its position.

The Financial Conduct Authority's Dispute Resolution: Complaints Sourcebook ('DISP'), which sets out how complaints should be handled, says at DISP 3.5.9 (2) and 3.5.10 that our Service can accept certain information in confidence. I'm satisfied that the information Zurich has given us is commercially sensitive and can be accepted - and considered by our Service - in confidence.

Having considered the information, I'm satisfied that it's recent and from an independent source. It's also supported by recent medical guidance and literature from sources which I consider to be reliable. The information supports that patients can experience adverse side effects when taking new types of medication that Mr S was prescribed.

I'm satisfied this information is relevant and that Zurich has reasonably relied on it when concluding that a change in this type of medication increases the risk of a claim needing to be made under a travel insurance policy (particularly in the short term).

Further, taking into account Mr S's sexual orientation, I'm satisfied Zurich has acted fairly and reasonably by charging him a higher premium when he declared a change in health / medication during the policy term because of the additional risk posed having recently changed medication. I'm satisfied this was a reasonable and proportionate response to the general increased risk posed in making a claim, supported by the information (reasonably) relied on by Zurich.

Other issues

The policy terms also say:

Annual multi -trip policies - Provided you have not made a claim (irrespective of whether your claim was successful or not) on the policy and you confirm in writing that there is no claim pending, should you choose to cancel and understand that all benefits of the policy will be cancelled, we will refund 5% of the total premium paid, for each full calendar month remaining on the policy from the date of cancellation.

During the call when Mr S declared a change in health / medication, and didn't pay the increased premium, the policy wasn't cancelled but Mr S was told the policy was live but not active until he did so. At that stage, a query was raised by Zurich's representative and Mr S wanted to wait for the response before considering his options as he said he didn't have any trips booked at that stage.

Zurich has more recently said that, so long as Mr S hadn't travelled since 1 May 2024 or submitted a claim on the policy, it will pay him a pro-rata refund of the premium he initially paid for the policy backdated to 1 May 2024. I'm satisfied that's fair and reasonable. If Mr S would like to accept that offer, he should contact Zurich.

I know Mr S will be very disappointed with my decision but hopefully it provides some reassurance to know that someone independent of the parties has considered this complaint.

My final decision

I don't uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 January 2025.

David Curtis-Johnson
Ombudsman