DRN-5543737

The complaint

Miss M and Mr M complain that Zurich Insurance Company Ltd declined their claim against a travel insurance policy. Reference to Zurich includes its agents.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here in full. In summary, Miss M and Mr M have travel insurance as a benefit of a bank account. On the last night of a trip in a country I'll refer to as 'I', they left the apartment they had rented in order to go to dinner. When they returned, their passports and cash were missing. Miss M and Mr M reported the matter to the police. I'll refer to the police reports in more detail below.

Miss M and Mr M extended their trip and obtained emergency travel documents. They made a claim against their policy in relation to the stolen cash and the costs of replacement travel documents, additional food, travel, parking and replacement passports.

Zurich declined Miss M and Mr M's claim. It relied on two exclusions in the policy. Zurich said the policy doesn't cover claims for money or travel documents where the items are left unattended unless deposited in a hotel safe or locked safety deposit box or where there's no evidence of a forced entry. Miss M and Mr M didn't think that was fair and pursued their complaint.

Miss M and Mr M say they had been warned not to walk around I with money and passports. They say they felt safer leaving their belongings in their apartment and did everything possible to secure their cash and passports. They say someone entered their apartment while they were out. Miss M and Mr M say their apartment was on the fifth floor and they needed three keys to enter it. Miss M and Mr M say the only person who could have entered the apartment was a keyholder. They say they reported the matter to the police and the language barrier made things difficult.

One of our Investigators looked at what had happened. She thought Zurich had declined Miss M and Mr M's claim in accordance with the policy terms and she didn't think it had acted unfairly in doing so. Miss M and Mr M didn't agree with the Investigator.

Miss M and Mr M said the Investigator hadn't taken into account that they'd been advised not to carry valuable items with them because of high levels of theft in the area. They reiterated that they thought someone had entered the apartment with a key while they were out. Miss M and Mr M said it's possible for someone to enter an apartment without causing damage. They said there was no safe or safe deposit box in the apartment. Miss M and Mr M believed their apartment was secure and the safest option for their cash and passports.

The Investigator considered what Miss M and Mr M said but didn't change her view. Miss M and Mr M asked that an Ombudsman consider their complaint, so it 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.

I'm sorry to learn about the circumstances which led to the claim. Miss M and Mr M incurred losses and were put to considerable trouble as a result of what happened here. In this decision I'm looking at whether Zurich acted in accordance with the policy terms and fairly and reasonably in dealing with their claim.

The relevant rules and industry guidance say that Zurich has a responsibility to handle claims promptly and fairly and it shouldn't reject a claim unreasonably. I don't uphold this complaint and I'll explain why:

- Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it's willing to cover and set these out in the terms and conditions of the policy document. In general terms, insurers can decide what risks they wish to cover. The onus is on the consumer to show the claim falls under one of the agreed areas of cover within the policy. If the event is covered in principle but is declined on the basis of an exclusion set out in the policy, the onus shifts to the insurer to show how the exclusion applies.

- The relevant part of '***Section 5 – Baggage, Personal Money and Travel Documents'*** provides as follows:
  '[…]
  Personal Money
  We *will reimburse the accidental loss of,* ***theft*** *of, or damage to personal money up to the amounts shown in the benefit table per trip for all beneficiaries travelling together.*
  Travel Documents
  We *will reimburse the replacement costs as well as reasonable additional travel and accommodation expenses incurred necessarily abroad to obtain a replacement of your lost or stolen travel documents or* ***covered papers*** *up the amount shown in the* ***benefit table****.*
  […]'

  The policy defines '***Theft***' as '*Any theft with evidence of force, violence or forcible entry.*' '***Covered papers'*** includes passports.

- The exclusions on which Zurich relied are as follows:
  '***What we will not cover***
  […]
  3. […] ***personal money*** *or* ***travel documents*** *left* ***unattended*** *at any time […] unless deposited in a hotel safe or locked safety deposit box. […]*
  […]
  5. Claims arising from loss or ***theft*** *from* ***your*** *accommodation unless there is evidence of forced entry which is confirmed by a police report.*
  […]'

  The policy defines '***Unattended***' as '*Where* ***you*** *are not in full view or in a position to prevent unauthorised taking or interference with* ***your*** *vehicle,* ***baggage****,* ***valuables*** *or* ***winter sports equipment****.'*

- We generally think that policy exclusions about where items like money or travel documents must be kept are a significant restriction on cover, which should be clearly highlighted to the consumer. I've looked at the policy documents and I think it's sufficiently clear that money and travel documents must be in a safe or locked safety deposit box when they are unattended.

- It's common ground here that Miss M and Mr M's money and passports were unattended and not in a hotel safe or locked safety deposit box. There was no evidence of forced entry confirmed in a police report. Miss M and Mr M believe someone entered the apartment with a key and took their money and passports while they were out. I'm satisfied Zurich declined Miss M and Mr M's claim in accordance with the policy's terms and conditions. I've gone on to consider whether that results in a fair and reasonable outcome in this case.

- Miss M and Mr M were not in a hotel; they were in an apartment. There was no safe or safety deposit box in the apartment. Miss M and Mr M say they had been warned not to walk around I with money and passports. They thought their apartment - which required three keys to enter - was the safest place for their money and passports. I've thought about whether Miss M and Mr M had any option other than to leave their money and passports where they did.

- The police reports signed by Miss M and Mr M say:
'[…] our clothing was on the bed […and/in] a large travel purse with passports and money inside […] When we returned from the restaurant the passport documents and money were not on the bed. […]' Miss M and Mr M's reference to their passport and money being together in a passport wallet in their response to the Investigator's view is consistent with the earlier police reports.

- Based on the information and evidence Miss M and Mr M have provided, they didn't attempt to conceal the passport wallet containing their money and passports. I think Miss M and Mr M had other options open to them in order to keep their money and passports secure in that they could have attempted to conceal the passport wallet in their apartment.

- Zurich has chosen not to insure the risk of theft of money and passports where those items are not in a safe or safety deposit box or where there's no evidence of forced entry. It's chosen not to take on the risk of the theft of money and passports where a third party may have used a key to access a room and take unsecured items. In the particular circumstances here, I don't think there are any grounds on which I can fairly direct Zurich to settle Miss M and Mr M's claim outside the policy terms and conditions.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M and Mr M to accept or reject my decision before 5 August 2025.
Louise Povey
Ombudsman