

The complaint

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

What happened

In summary, Mr and Mrs M had an annual travel insurance policy underwritten by Zurich which included cruise cover. They booked a trip with departure and return dates in February 2024. The trip included a flight to a country I'll refer to as 'B', and a cruise. Unfortunately, Mr and Mrs M arrived at the airport too late to take their outbound flight to B. That was because the taxi they were travelling in was delayed by an accident on the motorway.

Mr and Mrs M say they asked their trip provider about alternative flights to B that would enable them to arrive in time for the departure of the cruise, but it said none were available. They also contacted their travel agent who found a flight on the following day, but which didn't arrive in sufficient time to get to the departure point of the cruise. Mr and Mrs M say they didn't want to incur additional expenses at B in trying to find flights to other ports on the cruise's itinerary. They say their travel agent mentioned a flight to one of the places on the itinerary in the latter part of the cruise, but they didn't think that was suitable. Mr and Mrs M abandoned their trip and returned home.

Mr and Mrs M made a claim against the policy. Zurich said the cancellation section of the policy doesn't apply here, as it only covers cancellation before a trip starts and for certain, specified reasons which aren't relevant here. It considered the claim against the curtailment provisions in the policy. Zurich said what happened here wasn't covered by the curtailment section of the policy. Zurich also considered the '**Missed departure**' provisions. It said whilst there's cover for unexpected delay following an accident ahead on the road, Mr and Mrs M didn't incur additional accommodation and travel expenses to reach their destination, so it didn't settle their claim.

Mr and Mrs M didn't think Zurich's response was fair and pursued their complaint. They say all travel policies should cover cancellation due to missed departure or draw attention to the fact that it's not covered. They want Zurich to settle their claim.

One of our Investigators looked at what had happened. She said what happened here wasn't covered in the cancellation or curtailment sections of the policy. The Investigator considered the claim against the '**Missed Departure**' section of the policy. She said it covered certain additional expenses to enable Mr and Mrs M to reach their intended destination in the event of an unexpected delay following an accident or breakdown of a vehicle ahead of them. She said this section of the policy doesn't cover costs if Mr and Mrs M abandon their trip.

The Investigator said Mr and Mrs M didn't buy new flights, which would have been covered under the '**Missed Departure**' provisions of the policy, because there were no appropriate flights available. She said it would be fair and reasonable for Zurich to pay Mr and Mrs M the estimated costs of economy flight tickets had they been able to

purchase new flights to B which would have enabled them to reach the cruise on time, subject to the terms of the policy and its limits, plus interest.

Zurich accepted the Investigator's recommendation. Mr and Mrs M didn't agree with the Investigator. They say they found this matter very distressing. Mr and Mrs M think it's unfair that the policy doesn't cover what happened here. They asked that an ombudsman consider the 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.

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'm sorry to learn about what happened here. Mr and Mrs M missed their cruise through no fault of their own. I understand how distressing it was.

In this decision, I'm looking at whether Zurich treated Mr and Mrs M fairly and reasonably in declining their claim. The starting point for that is the terms and conditions of the policy but I also consider what's fair and reasonable. I uphold Mr and Mrs M's complaint and I'll explain why and what I think Zurich should do to put matters right.

- 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 '**Cancellation**' section of the policy doesn't assist Mr and Mrs M here. That's because the cancellation provisions cover cancellation of a trip *before* Mr and Mrs M leave home for that trip. That's the usual position in policies of this kind. In any event, the specified events covered in the '**Cancellation**' section of the policy aren't relevant here.
- The '**Curtailment**' section of the policy covers the value of unused travel and accommodation costs, up to the policy limit, if a policyholder curtails a trip for certain, specified reasons. That section doesn't assist Mr and Mrs M, as curtailing a trip because they missed their outbound flight due to traffic problems isn't an insured event in this part of the policy. The list of events leading to a successful curtailment claim are the ones we usually see in this kind of policy.
- The '**Travel delay and abandonment**' section of the policy covers delay and abandonment caused by strike or industrial action, adverse weather or mechanical breakdown or technical fault of the aircraft, coach, train or sea vessel. So, it doesn't cover what happened here.
- The '**Missed departure**' section of the policy provides as follows:

*'We will pay **you** up to the amount shown in the summary of cover on pages 8 and 9 for additional accommodation (room only, not including food and drink and telephone expenses) and travel expenses necessarily incurred if **you** cannot reach the departure point of any part of **your** outward [...] journey [...] as a result of: [...]*

*3) an accident or breakdown occurring to another vehicle ahead of **you** on a road which causes an unexpected delay to the vehicle in which **you** are travelling.'*

The summary of cover referred to shows the maximum amount insured for each person insured is £850 for missed departure.

- There's no cover in the '**Missed departure**' section of the policy for reimbursement of the cost of an abandoned trip. Based on what I've seen, Mr and Mrs M didn't incur any additional accommodation or travel expenses as a result of what happened here. The travel expenses they incurred in returning home would have been incurred by them in the usual course of events, if they had successfully completed their trip.
- I've gone on to consider whether that leads to a fair and reasonable outcome in this case. I don't think it does and I'll explain why. If Mr and Mrs M had been able to book new flights to B which would have enabled them to get to the point of departure of the cruise on time, those additional travel expenses would have been covered under the '**Missed departure**' section of the policy. In the particular circumstances of this case, I think it's fair and reasonable for Zurich to pay to Mr and Mrs M the cost of replacement return flights from their original point of departure to B. I say return flight as I understand the airline would have cancelled Mr and Mrs M's return flight, as they didn't make the outbound flight.
- It's impossible to know with any certainty how much Mr and Mrs M might have paid for replacement flights in February 2024. In response to this service's request, Zurich says it's found a return flight to B for £509 each. That's broadly consistent with our research. So, I think it's fair and reasonable for Zurich to pay Mr and Mrs M a sum equivalent to the price they would have paid for replacement flights (£509 each) subject to the policy limits and terms. Zurich should also pay interest on this sum.
- Mr and Mrs M have mentioned the information they were given at the point of sale. Zurich isn't responsible for the sale of the policy but it is nevertheless obliged to give information that's clear and not misleading. I've looked at the documentation provided by Zurich. I'm satisfied that it was clear and not misleading.

Putting things right

In order to put things right, Zurich should pay Mr and Mrs M:

- A sum equivalent to the cost of replacement flights to B - £509 each – subject to the policy limits and terms.
- Interest on the amount mentioned above at the simple rate of 8% per year from one month from the date of the claim, to the date of settlement.

If Zurich considers it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs M how much it's taken off. It should also give Mr and Mrs M a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs, if appropriate.

My final decision

My final decision is that I uphold this complaint. Zurich Insurance Company Ltd should now take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 29 July 2025.

Louise Povey

Ombudsman