

The complaint

Ms M complains about how Zurich Insurance Company Ltd handled her claim against her travel insurance policy and its decision to decline her claim. Reference to Zurich includes its agents.

What happened

In summary, Ms M has an annual travel insurance policy underwritten by Zurich. The policy schedule shows Ms M didn't take out cruise cover. Ms M planned a trip which included a flight from the UK to a country I'll refer to as 'C', a cruise, an internal flight in a country I'll refer to as 'U' and an excursion. Unfortunately, Ms M's outbound flight was delayed then cancelled by the airline because of a technical fault with the aircraft. The airline was unable to provide an alternative flight that would enable Ms M to continue with the trip and refunded the cost of the cancelled flight.

Ms M made a claim against her policy in relation to the cost of the cruise, the unused flight cost in U and an unused excursion. Zurich declined Ms M's claim. It initially said what happened here wasn't covered by the policy. Ms M objected to that. Zurich asked her to provide evidence from the airline about what happened. Ms M provided that evidence. Zurich then declined her claim because she hadn't taken out cruise cover.

Ms M says Zurich misled her during the claims process. She says Zurich led her to believe it would settle her claim. She says she's not claiming for anything that would be covered by the cruise cover section of the policy, so the fact she didn't take out cruise cover is irrelevant. Ms M says Zurich handled her claim poorly throughout her claim.

In response to Ms M's complaint, Zurich maintained its position in declining her claim; it said Ms M hadn't taken out cruise cover. Zurich also relied on an exclusion in the policy, which I'll refer to in more detail below. It apologised for its handling of Ms M's claim and offered her compensation of £100 in relation to service issues. Ms M didn't think that was fair and pursued her complaint. She wants Zurich to settle her claim.

One of our Investigators looked at what had happened. She initially thought Zurich should consider Ms M's claim under the '**Travel Delay and Abandonment**' section of the policy. The Investigator thought the compensation of £100 Zurich had already offered in relation to service issues was fair and reasonable. Zurich didn't agree with the Investigator. It relied on a general exclusion in the policy which says there's no cover for any claim resulting from or relating to participation in a cruise unless there's cruise cover.

The Investigator reconsidered the matter. She didn't think Zurich had acted unfairly or unreasonably in declining Ms M's claim. The Investigator said Ms M's claim was resulting from or relating to a cruise, so excluded in the policy. She remained of the view that the compensation of £100 already offered by Zurich was fair and reasonable in relation to service issues.

Ms M didn't agree with the Investigator. She thinks Zurich hasn't treated her fairly and that it should consider her claim under the '**Travel Delay and Abandonment**' section of

the policy. Ms M says when she first submitted her claim to Zurich she provided full details. The airline didn't provide confirmation of the reason for the cancellation of the flight until two months later and during that time she made regular contact with Zurich and was led to believe it would settle her claim. Ms M says Zurich didn't mention it would decline her claim because she didn't have cruise cover. She suggests that means the policy wording is unclear.

Ms M says the internal flight in U and the unused excursion should be covered by the policy as they were independent of the cruise element of her trip. She says other insurers have settled similar claims from her family members. Ms M asked that an Ombudsman consider her 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 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. Ms M missed her planned trip through no fault of her own.

In this decision, I'm looking at whether Zurich treated Ms M fairly and reasonably in both its handling of her claim and its decision to decline her claim. The starting point is the terms and conditions of the policy but I also consider what's fair and reasonable.

I don't uphold Ms M's complaint and I'll explain why:

Zurich's decision to decline Ms M's claim

- 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.
- Under '**General policy information**' the policy says as follows:
'Cruises
*This policy only covers Cruise trips if **you** have paid the appropriate additional Cruise premium.*
- The general exclusion Zurich relied on in declining Ms M's claim says as follows:
'General Exclusions from your Policy
You are not covered
For any claim resulting from or relating to:
[...]
*21) **You** participating in a cruise, unless **we** provide cover as shown on **your** policy schedule and **you** have paid the appropriate premium;...*
- Ms M's claim for unused cruise costs is clearly '*...resulting from or relating to...*' her participation in a cruise. She didn't purchase cruise cover. I think Zurich was entitled to rely on the exclusion I've set out above in declining this part of Ms M's claim.
- The policy defines '*trip*' as '*A holiday or journey for leisure purposes that takes place during the period of cover and begins and ends in **your** home country.*' So,

Ms M's trip includes all the elements she'd planned – the outbound flight, cruise, flights in U and excursion. I think Zurich was also entitled to decline Ms M's claim for the flights in U and the excursion as they are part of the trip and resulted from or were related to the cruise.

- Even if I reached a different conclusion about that, there's no cover in the '**Travel Delay and Abandonment**' section for any claim resulting from the insured missing a flight which isn't part of the outward or return journey. So, the internal flights in U aren't covered in any event.
- Ms M says she's not claiming for anything that would be covered by the cruise cover section of the policy, so the fact she didn't take out cruise cover is irrelevant. I'm afraid I don't agree. Zurich is entitled to rely on the general exclusion I've set out above whether Ms M's claim would be considered under the '**Cruise Cover**' section of the policy or any other section.
- Ms M suggests the policy wording is unclear. I'm afraid I don't agree. I've looked carefully at the policy documentation, which I think is clear.
- I think Zurich was entitled to rely on the exclusion in the policy in declining Ms M's claim. I've gone on to consider whether that results in a fair outcome in this case and I think it does. I don't think Zurich acted unfairly or unreasonably in relying on the policy terms. As I've said above, insurers can decide what risks they wish to accept and on what terms. There's no basis on which I can fairly ask Zurich to settle Ms M's claim.
- Ms M says other insurers have settled similar claims from her family members. I haven't seen the detail of those claims or the terms of the policies, so I can't comment on the outcome of claims by others. But I can say other terms and conditions may well result in a different outcome in a claim arising out of the same circumstances.

Zurich's handling of Ms M's claim

- It's common ground Zurich didn't handle Ms M's claim in a way we'd expect. Zurich has apologised for its '*...initial misunderstanding ...*' about Ms M's cover. I agree it should have come to its decision about Ms M's cover much sooner than it did.
- I don't think Zurich's errors in handling Ms M's claim requires it to settle a claim which doesn't fall within the policy's terms and conditions. When mistakes like this happen, we look at the effect of the errors on the individual.
- Ms M wouldn't have needed to pursue the airline for an explanation if Zurich had explained to Ms M at the outset that the policy didn't cover her claim. As a result of Zurich's errors, Ms M's claim went on for much longer than necessary and she was put to the trouble of continuing to have to deal with the matter. She was disappointed to receive Zurich's decision after she'd provided the evidence it had asked for.
- I think the compensation of £100 Zurich has already offered is fair and reasonable in this case. In reaching that view, I've taken into account the nature, extent and duration of Ms M's distress and inconvenience arising out of Zurich's errors in handling her claim. So I don't require Zurich to do anything more; I leave it to Ms M

to tell Zurich if she's prepared to accept the offer, assuming of course it hasn't already been paid.

My final decision

My final decision is that I don't require Zurich Insurance Company Ltd to do anything further to resolve Ms M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 4 August 2025.

Louise Povey

Ombudsman