

## The complaint

Mr Y complains about the information given to him by Zurich Insurance Company Ltd when he told it about a change in health under his travel insurance policy.

All references to Zurich include the agents appointed to administer the policy on its behalf.

## What happened

Mr Y bought an annual travel insurance policy, provided by Zurich, and declared a number of pre-existing medical conditions.

Mr Y subsequently contacted Zurich to tell it he had been referred to a specialist for investigations which were likely related to one of his already declared pre-existing medical conditions. Zurich said it couldn't offer cover for any claims relating to undiagnosed conditions. Mr Y had already paid a large deposit for a holiday before the referral and was shortly due to pay the substantial outstanding balance. He was unhappy with the information given to him by Zurich and complained. Mr Y later emailed Zurich with a confirmed diagnosis arising from the medical investigations.

Zurich sent Mr Y a final response letter saying, as he had now received a confirmed diagnosis, full cover could be provided for an additional premium of £47.16. Zurich said it wouldn't charge Mr Y for this additional premium in recognition of its delays in responding to Mr Y's email. Happily, Mr Y subsequently travelled on his holiday as planned.

Mr Y brought the matter to the attention of our service. One of our Investigator's looked into what had happened and said he didn't think Zurich had acted unfairly or unreasonably in the circumstances. Mr Y didn't agree with our Investigator's opinion, so the complaint was referred to me. I made my provisional decision about Mr Y's complaint earlier this month. In it, I said:

*'I'd like to say at the outset that I was sorry to hear about the circumstances surrounding this complaint and I wish Mr Y good health for the future.*

*Industry rules set out by the regulator require insurers to communicate information to consumers that is clear, fair and not misleading. I've taken these rules into account, alongside other relevant considerations, when making my provisional decision.*

*Zurich's final response letter to Mr Y refers to a policy exclusion for known events as being the reason why a cancellation claim for the outstanding balance due for the pre-booked holiday wouldn't be covered. This isn't accurate. The known event exclusion only applies to circumstances which the policyholder was aware of at the time of purchasing the insurance or booking the trip, neither of which were the case here. And I'm not satisfied that it's wholly fair and reasonable for Zurich to rely on the policy exclusion relating to undiagnosed conditions as the reason why Mr Y was given the information he was either. This particular exclusion is contained within a section of the policy relating to medical disclosure requirements at the point of sale.*

However, in reaching an independent and impartial outcome, I'm not limited to only considering the reasons Zurich gave Mr Y for restricting his policy cover. Our Service has an inquisitorial remit which allows me to consider the subject matter of the complaint as a whole. The reason why Zurich was entitled to restrict cover under Mr Y's policy is because Mr Y experienced a change in his health after this policy was purchased.

An insurer is generally entitled to decide the level of risk it is prepared to accept when offering an insurance policy, as long as is treating customers in the same situation in the same way. When Mr Y entered into this contract, Zurich's decision to offer cover on the terms it did was based on the status of Mr Y's medical conditions as they were at that time.

Mr Y's policy, like most – if not all – single trip and annual travel insurance policies on the market, allows Zurich to alter cover under the policy in certain circumstances if a policyholder experiences a change in health during the term of the contract. This isn't unfair or unreasonable, as long as Zurich can demonstrate that the risk being underwritten is different to the risk which it agreed to take on at the start of the contract.

It's clear to me that Mr Y took great care to let Zurich know everything he needed to both when buying the policy and when he notified Zurich of his referral to a specialist mid-term, as the policy requires him to. The policy terms and conditions say:

*'Change in state of health*

*You must tell us and consult with your medical practitioner if you or anyone else insured on this policy:*

- i ) develops a new condition and/or*
- ii ) there is a change to an existing medical condition and/or*
- iii ) there is a change in medication.*

*You must do this ... at the earliest opportunity and before you book or commence your journey, or pay the balance or any further instalments for your journey. We have the right to amend the premium due and/or amend, restrict or cancel your cover under this policy.'*

*I understand Mr Y was referred to a specialist for investigations into test results which were most likely and are generally commonly understood to relate to one of his already declared pre-existing medical conditions. But Zurich was entitled to consider these new investigations as being related to an unconfirmed medical diagnosis until Mr Y received a confirmed diagnosis from a qualified medical professional. I think it would have been premature and, indeed, unreasonable of Zurich to prejudge what the outcome of these medical investigations would be.*

*I'm satisfied, based on my knowledge and experience of how travel insurance policies operate, that Zurich wouldn't have offered cover for any claims relating to investigations into undiagnosed conditions to any policyholder who was in the same situation as Mr Y.*

*I understand the terms and conditions of Mr Y's policy say Zurich will cover claims for pre-existing medical conditions which are disclosed to it, but this cover only relates to pre-existing medical conditions as they are at the time the policy is purchased. The relevant pre-existing condition in this case, at the time the policy was purchased, was insured on the basis of the questions Mr Y answered at that time. But the situation changed when Mr Y was referred to a specialist, and this change wasn't something which Zurich was obliged to offer cover for on the same terms as previously agreed.*

*So, overall, this means I don't think Zurich acted unfairly or unreasonably by restricting Mr Y's cover when he notified it about his change in health.*

*However, it's important to attempt to achieve a fair outcome for both parties in circumstances where an insurer has the right to unilaterally alter the contractual terms. As such, our service has a long-standing, published approach to complaints involving a change in the policyholder's health after a contract has been entered into which significantly affects the risk which the insurer is prepared to accept. We generally consider it would be fair and reasonable for an insurer to cover the cost (at that time) of cancelling any pre-booked holidays if policy coverage is restricted based on a change in health. This approach steps outside of a strict interpretation of the policy terms and conditions and applies regardless of whether the policyholder is certified as medically fit to fly at the time.*

*So, if Mr Y had decided to cancel his upcoming trip at the point the cover was restricted, it's likely I'd have expected Zurich to cover the cost of the deposit which Mr Y had already paid regardless of what the medical advice about travelling was at that time. Despite what Zurich's final response letter says, I don't think this position was made at all clear to Mr Y.*

*I've listened to the two telephone calls between Mr Y and Zurich from August 2024. Mr Y repeatedly explained to Zurich that he had already paid a large deposit and was shortly due to pay the large balance for the holiday. At no point did Zurich clearly explain to Mr Y that his deposit would be covered if he chose to cancel his holiday due to the restriction being placed on his cover. Mr Y clearly stated a number of times that he didn't understand what he was being told and/or the reasons why the terms of his cover were changing but neither advisor identified the position Mr Y was in as I'd have expected them to, even when Mr Y specifically mentioned being reimbursed for the deposit he'd already paid.*

*I appreciate Mr Y's holiday did ultimately go ahead but Mr Y was left in the stressful and unfair position of thinking he would lose his deposit if he cancelled the holiday and he had to decide at short notice whether to go ahead and pay the significant balance without knowing the full extent of what I think Zurich's obligations to him were. During the second call, Mr Y repeatedly asked to speak to a manager due to the urgency of the situation but was told this wasn't possible and was instead left waiting for a written answer for around one month. That written answer also didn't clearly explain that Mr Y ought reasonably to have been covered for his holiday deposit if he'd chosen to cancel when the cover was restricted.*

*After Mr Y updated Zurich with his confirmed diagnosis, he was left waiting for a further period of approximately two more months before Zurich let him know what impact this had on his cover. This was less than two weeks before the trip commenced, which also put Mr Y in a stressful situation.*

*Overall, I don't think any of Zurich's written or verbal communications with Mr Y accurately explained to him why his cover was restricted, and I'm satisfied this caused Mr Y frustration and annoyance.*

*It's difficult to put a value on the impact of the situation on Mr Y but I don't think Zurich's payment of the additional premium on his behalf fairly addresses this. I have no power to punish or fine a business through an award of compensation, and I also can't take hypothetical scenarios into account – I can only consider the facts as they actually happened. I've had regard to our published guidance on the payment of compensation for distress and inconvenience and I currently think an award of £200 would be fair and reasonable in the circumstances for the impact of the situation on Mr Y.'*

*Mr Y said he didn't agree with everything set out in my provisional findings, but he was prepared to accept them. Zurich didn't respond to my provisional decision by the deadline given.*

### **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 neither party has provided any new information or additional submissions, I see no reason to change my provisional findings.

### **Putting things right**

Zurich Insurance Company Ltd needs to put things right by paying Mr Y £200 compensation for the distress and inconvenience he experienced.

Zurich Insurance Company Ltd must pay the compensation within 28 days of the date on which we tell it Mr Y accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

### **My final decision**

I'm upholding Mr Y's complaint about Zurich Insurance Company Ltd, and I direct it to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 15 October 2025.

Leah Nagle  
**Ombudsman**