

The complaint

Mrs L and Mr S have complained about the customer service they received from Zurich Insurance Company Ltd in relation to a travel insurance policy and that it refused to either refund the premium or freeze the policy following a change to Mr S's health.

What happened

The annual policy was purchased in September 2024. As Mr S was then unfortunately diagnosed with a serious health condition, they had to cancel the trip they had planned for January 2025. They therefore made a claim on the policy for unrecoverable costs. The claim was settled in full in February 2025.

Mr S saw his consultant on 27 February 2025 and was informed that it would be a month before his treatment started. They therefore thought it would be good to try and get away for a short European break before that. They rang Zurich on 28 February 2025 to enquire about adding Mr S's latest condition to the policy.

After declaring his new condition, Zurich said that it would be unable to continue cover for him on the existing policy as its underwriting threshold had been exceeded. They were informed that, as they had made a claim on the policy, no refund would be forthcoming and that freezing the policy was not an option either.

They were then transferred to a different team to gain a quote for a single trip policy for Mr S. After running him through a set of medical screening questions, the outcome was again that cover could not be provided.

In response to the complaint, Zurich maintained its position in relation to the policy. However, it accepted that there had been some poor customer service, for which it apologised and paid £300 compensation.

Our investigator thought that Zurich's response was reasonable. Mrs L and Mr S disagree and so the complaint has been passed to me for a decision.

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.

Zurich are the underwriters of this policy. Part of this complaint concerns the actions of the policy administrators and claims administrators, acting as its agents. To be clear, when referring to Zurich in this decision, I am also referring to any other entities acting on its behalf.

Zurich has provided underwriting evidence that the addition of Mr S's new condition took the risk score over its limit for providing cover. I understand that the decision to decline cover felt very personal to them and that it prevented them from taking a trip at the opportune time. However, I'm satisfied that the outcome would have been the same for anybody else with

the same set of health conditions. Overall, I consider that Zurich acted reasonably in declining cover.

Looking at the policy terms, they state:

'Cancelling this policy

Should you wish to cancel your policy outside of the 14 day cooling off period or where a change to your existing policy means we are unable to continue with your cover, then the following terms apply:

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. However, please note that if the amount due back is less than £25, no refund will be made.

If you have travelled on a single trip policy or are intending to claim, or have made a claim on either a single trip or annual multi-trip policy (irrespective of whether your claim was successful or not) we will not consider refunding any proportion of your premium.'

I appreciate that Mr S was excluded from cover, rather than the policy being cancelled. However, to potentially receive a partial refund, the policy would need to be treated as cancelled, at least for Mr S. It's clear from the above wording that a policyholder is not entitled to a refund of premiums where a claim has been made. Therefore, based on the policy terms, I'm satisfied that Zurich acted reasonably in refusing to provide any refund in this instance. Furthermore, as an annual insurance policy that runs between a defined set of dates, there is no facility under the policy terms to freeze the policy for reactivation later.

There's no doubt that there was some poor customer service. Mrs L had problems with the online portal when initially making the claim. Despite her requests that she be the sole contact, Zurich persistently contacted Mr S. Conflicting information was given about which business entity was responsible for making the decisions. And there was a delay in responding to their complaint.

As such, Mrs L and Mr S say the £300 compensation paid by Zurich is too little, especially considering that they had to pay a £200 excess and £63 for a GP letter, in relation to the claim. However, those are costs that they would always have had to pay towards the claim and the amount of compensation for poor service is therefore a separate issue.

I am, of course, very sympathetic to their situation. Mr S became unwell which resulted in them having to cancel the trip of a lifetime. That situation by itself was very difficult and distressing. Then, having to deal with a claim and then a complaint, on top of everything else, has been additionally stressful and upsetting. And I appreciate it would have meant a lot to them if they'd been able to take a break in March 2025.

I can therefore understand why they feel the situation warrants more than £300 compensation. However, as an informal dispute resolution service, our awards are more modest than they might expect and likely less than a court might award. Therefore, whilst I'm sorry to disappoint them, on balance, I consider that £300 is reasonable compensation for the customer service issues. It follows that I do not uphold the complaint.

My final decision

For the reasons set out above, I do not uphold the complaint. As Zurich Insurance Company Ltd has already paid the £300 compensation, I am not asking it to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L and Mr S to accept or reject my decision before 30 December 2025.

Carole Clark
Ombudsman