

The complaint

Mr H complains about Zurich Insurance Company Ltd (“Zurich”) and the sale of his Full Protection Insurance (“FPI”) policy.

What happened

The potential claim and complaint circumstances are well known to both parties. So, I don’t intend to list them chronologically in detail. But to summarise, Mr H purchased his FPI policy, underwritten by Zurich, to provide him with cover when driving a rental car abroad. This policy was arranged, and administered, by an insurance intermediary who I’ll refer to as “B”.

Unfortunately, Mr H was charged for damage to his rental car, which I recognise he disputes. So, he contacted B, who were acting as the agent of Zurich, to query how raising a claim for the costs he incurred would impact his own, separate motor insurance policy and it’s no claims discount (“NCD”).

Ultimately, B explained that his FPI was a stand-alone policy and so, they wouldn’t notify his own insurer of any claim that was made. But they did explain any claim made may be recorded and so, he would need to query with his own motor insurer about whether it was something he needed to declare.

Mr H was unhappy about this, so he raised several complaints. This decision focuses on Mr H’s complaint points that remain in dispute, after B settled the majority of his complaints directly in November 2025. In summary, they offered to refund his costs incurred, refund the premium he had paid alongside an additional £150 compensation to resolve his concerns centred around the potential claim itself. Alongside this, they confirmed no claim had been raised.

Mr H’s complaints I will be considering were that Zurich mis-sold the policy to him, as it wasn’t an independent policy due to the potential impact any claim made may have on his own motor insurance. And he complained that the policy wording didn’t make this potential ramification reasonably clear. So, Mr H wanted Zurich, through B, to be prevented from selling these policies as independent, as he felt it placed potential customers at significant risk.

Zurich responded to the complaint and didn’t uphold it. In summary, they felt they had provided Mr H with the correct information regarding their policy, and any claim’s impact on his own motor insurance policy’s NCD. And there was no agreement that the policy was mis-sold. So, they didn’t offer to do anything more. Mr H was unhappy with this response, so he asked our service to investigate this further.

Our investigator looked into this aspect of Mr H’s complaint and didn’t uphold it. Both parties have had sight of this outcome, so I won’t be recounting it in detail. But to summarise, our investigator was satisfied Zurich, and its agents, were fair to direct Mr H to his own motor insurer to clarify whether any claim made would need to be declared. And they were satisfied the terms and conditions made it reasonably clear any claim made may be recorded on relevant databases, which they explained wasn’t an unusual term.

And as the policy was taken out by Mr H on a non-advised basis, with all the documentation being made available to him, they didn't agree the policy had been mis-sold. So, they didn't recommend Zurich do anything more.

Mr H didn't agree, providing several comments setting out why. These included, and are not limited to, Mr H's continued assertion that the policy wasn't independent as he felt it was sold. And he maintained the selling of these policies placed customers at risk, referring to comments he had received from another organisation about car rental companies. As Mr H didn't agree, 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.

Having done so, I'm not upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Before I explain why I've reached my decision, I want to explain what I've been able to consider, and how. As I've already set out above, I note Mr H accepted B's offer to settle a large part of his complaint. So, I won't be discussing those issues further.

I also want to be clear that, while I recognise Mr H is unhappy with the car rental company themselves, any issues regarding the actual hire and the decision to charge him for disputed damages would not be the responsibility of Zurich and so, won't be considered further. I recognise Mr H is most likely aware of this, but for completeness I wanted to reiterate this again.

I also want to make it clear to Mr H that, while I note he raised concerns through the complaint process about how B, and so Zurich, communicated with him during it, complaints handling is an unregulated activity and so, not something our service can consider.

Instead, my decision focuses solely on Mr H's belief his policy was mis-sold, and that the terms and conditions weren't reasonably clear. And when doing so, I must be clear that our service is unable to direct a business to stop selling policies in the way they have chosen to do so, as this would fall under the remit of the industry regulator, the Financial Conduct Authority.

I note Mr H purchased the policy on a non-advised basis. So, I'm satisfied Zurich didn't recommend the policy to Mr H. Instead, Mr H chose to purchase the policy himself. In situations such as these, all our service would expect is an insurer to ensure all the relevant policy documentation is made available for a customer such as Mr H to consider at the time of purchase. And having reviewed the evidence available to me, I'm satisfied it was.

And having reviewed all the policy documentation, which includes the policy terms and conditions, I'm satisfied it's made reasonably clear that in the event a claim is made on the policy, Zurich may pass any claim information to relevant databases. And, that insurers may search these databases when Mr H applies for future insurance policies. So, I'm not persuaded that Zurich mis-sold the policy to Mr H, or that they purposefully set out their policy in a way that suggested it would have no impact on any other insurance policies Mr H held.

I note Mr H will likely disagree with this, and I've thought carefully about the comments he's provided setting out why. It is a requirement of Zurich to highlight any significant terms and conditions to Mr H in the policy documentation they provided. But the term that is appropriate here is a usual one as it is a standard process that all insurers record any claims made on their policy. So, I'm not persuaded that Zurich needed to highlight it with any more significance than they have within the policy documents.

And when they directed Mr H to contact his own motor insurance policy provider to confirm what he would need to declare if a claim was made, I'm satisfied this was fair and reasonable guidance, as I wouldn't expect Zurich to have a working understanding of Mr H's own insurers practices and underwriting criteria when looking to offer cover.

Because of this, I'm satisfied Zurich have acted fairly and reasonably here and I can't agree the policy was mis-sold to Mr H. So, it follows that I'm not directing Zurich to take any further action.

Again, I understand Mr H is unlikely to agree. And I note he's expressed his feelings about policies of this nature and how he feels it places customers at potential risk, considering the experience he's had and additional comments he received from another organisation about car rental claims in general. But the purpose of this decision is to consider the individual circumstances of Mr H's complaint. It is not intended to punish a business or make more general comments and observations about the industry as a whole. So, this hasn't impacted the decision I've reached.

But it is pleasing to see B, on behalf of Zurich, have confirmed that as part of the settlement Mr H accepted to resolve other aspects of his complaint, no claim was made. So, this should provide Mr H with the reassurance he needs regarding whether there is need to declare a claim to his motor insurance policy provider.

My final decision

For the reasons outlined above, I don't uphold Mr H's complaint about Zurich Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 16 February 2026.

Josh Haskey
Ombudsman