

The complaint

Mrs C complains that Zurich Insurance Company Ltd (“Zurich”) didn’t offer to renew her home insurance policy.

Mrs C’s complaint has been brought by a representative who I’ll refer to as Ms B.

What happened

Mrs C had home insurance with Zurich for her static caravan, but they then declined to renew her policy in 2022. Ms B raised a complaint on Mrs C’s behalf, and she was informed by the broker that the decision was due to Mrs C’s caravan not being sited on a registered park home site. Ms B says Mrs C lives in a registered Traveller site with full planning permission. She also says she was informed Zurich only provide insurance for customers who live in a registered park home site - and for a site to meet the eligibility requirements of a park home site, none of the homes should be movable and without people moving on and off the land. Ms B says Zurich did cover this in the past and questioned why Zurich had decided to change their process. Ms B says this only excludes Gypsy, Roma and Traveller communities, so it not only feels unfair but also amounts to discrimination.

Our investigator looked into things for Mrs C. She originally thought Zurich should reinstate Mrs C’s policy and also recommended Zurich pay Mrs C £300 compensation for the impact their practices had on her. Zurich then provided further information and our investigator then took the view Zurich only needed to offer compensation to resolve the complaint. Zurich agreed to pay compensation, but Mrs C disagreed so the matter has come 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’ve decided to uphold the complaint. And, I think the investigator’s recommendation is a fair way to resolve matters. I understand Mrs C will be disappointed by this but I’ll explain why I have made this decision.

The role of this service when looking at complaints about underwriting risk isn’t to tell a business what risks they should consider or to set out a risk assessment framework for the business to follow. It’s for a business to decide what risks they’re prepared to cover and how much weight to attach to those risks - different insurers will apply different factors. That’s not to say an insurer declining to offer a policy has made an error compared to an insurer offering a policy – but rather, it reflects the different approach they’ve decided to take to risk.

This is a commercial judgement and for them to decide. But we can look to see whether we agree a consumer has been treated fairly – so is there anything which demonstrates they’ve been treated differently or less favourably. If we think someone has been treated unfairly, we can set out what we think is right to address this unfairness.

The complaint here relates to Zurich's decision to decline to offer Mrs C a policy renewal. I acknowledge Mrs C's concern that she previously had a policy with Zurich yet, despite there being no change in her circumstances, Zurich have declined to renew her policy. When deciding which risks to accept, insurers generally have in place, and will apply, an underwriting guide or criteria. This defines its risk appetite. I think it's fair and safe to say an insurer's risk appetite changes constantly and this can be influenced by factors such as how a market is operating or how a particular product is performing. So, changes in its risk appetite means risks which a firm was prepared to accept at a point in time may, in future years, no longer remain an acceptable risk under their underwriting criteria. That has been the case here.

Zurich have provided me with confidential business sensitive information to explain how their view of risk changed and the reasons for this. I'm afraid I can't share this with Mrs C because it's commercially sensitive, but I've checked it carefully. And I'm satisfied the changes follow commercial decisions made by Zurich based on assessment of risk and product performance. Both of which are fair and legitimate reasons for a firm to make changes to its underwriting criteria. It might help if I explain, Zurich removed this product from the market in September 2024, so at that point it wasn't available for any customer looking to buy this policy as a new business customer or for renewal. Given that it was potentially available in 2022 and 2023, I've looked at whether Zurich acted fairly during this period.

Mrs C had insurance with Zurich until the renewal in 2022 – and Zurich have provided their underwriting criteria which shows why their view of risk changed from July 2022. This was before Mrs C's 2022 renewal became due. I think it's important here to mention that the changes to the underwriting criteria don't make reference to a site registration status or a site being used by members of the Traveller community. The information shows how the product Mrs C had bought was performing in comparison with a similar product in 2022. I can see there was a significant difference between the two, and Zurich then decided to apply the same underwriting criteria from the similar product to the product Mrs C had bought. I don't think it was unreasonable therefore that Zurich took these steps on the basis of it being a commercial decision.

Ms B says Zurich have discriminated against Mrs C on the basis of her race and are therefore in breach of the Equality Act 2010. Ms B says Zurich did provide home insurance for Mrs C in the past, but the change in their process now only excludes Gypsy, Roma and Traveller communities and should be viewed as a form of discrimination.

It's not our role to say whether a business has acted unlawfully or not – that's a matter for the Courts. Our role is to decide what's fair and reasonable in all the circumstances. In order to decide that, however, we have to take a number of things into account including relevant law and what we consider to have been good industry practice at the time. So although it's for the Courts to say whether or not Zurich have breached the Equality Act 2010, we're required to take the Equality Act 2010 into account, if it's relevant, amongst other things when deciding what is fair and reasonable in the circumstances of the complaint.

As I've mentioned above, the information I've seen, which includes evidence of product performance, Zurich's underwriting criteria and a detailed explanation for the changes made in July 2022, I'm persuaded Zurich didn't take these steps to make the product unavailable to a specific group or community, but rather the steps Zurich took at this point appear to be an attempt to model the product's underwriting criteria on a similar product in order to improve its performance. I'm further persuaded the evidence doesn't support a finding that Zurich's approach unfairly targeted a specific group or community as the product was still available to all customers, but following the underwriting changes in 2022, there was now a restriction on the type of location at which the property was situated.

I can see Zurich said, following the changes in July 2022, they decided to retain a risk but with there being a condition associated with the location of any static caravan. They said one of the reasons for this was down to such a location benefitting from good levels of security. I can see our investigator has raised points about whether Zurich could've taken additional steps to establish security arrangements at other sites that might be outside the location at which they accepted the risk. But I think it's important to mention, it's not the role of our service to set out underwriting requirements for an insurer. We do expect firms to treat customers fairly but, while it's clear the security arrangements were a factor taken into account by Zurich when changing their underwriting criteria, the information shows this was a part of a much wider set of measures adopted by Zurich to improve the performance of the product. As mentioned above, the information I've seen persuades me the changes were brought about as a result of a commercial decision. So, I can't say Zurich have acted unfairly here.

I think it's also important to say, even if Zurich had taken additional steps, such as building in questions about security into their renewal process to better understand security arrangements at other sites, I can't say this would've led to them offering Mrs C a renewal.

Our investigator recommended Zurich pay Mrs C £300. Zurich accept they should've communicated the decision to no longer provide cover to Mrs C's broker via email so there was evidence of their decision-making process. They say they understand how this might've contributed to the broker communicating information about the registration of the site to Mrs C. Having considered the impact on Mrs C and the duration of the impact, I think that's fair and reasonable in the circumstances.

I can see Ms B has referred to another case investigated by our service in which a decision was made to uphold the complaint and award more compensation. I can't comment on that case but we, as a service, consider each complaint on its own merits. I think it's also important to mention that each insurer has its own underwriting criteria, and I'm only able to consider the underwriting criteria Zurich applied when considering whether to offer Mrs C a renewal. And, for the reasons I've mentioned above, I can't say they've acted unfairly.

I understand why Mrs C has complained, and I hope she feels reassured that I've carefully checked the underwriting criteria from Zurich as well as all factors which led to them changing their risk appetite. But I can't say they've made a mistake or treated Mrs C unfairly. I wish to reassure Mrs C and Ms B I've read and considered everything they've sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

Putting things right

I've taken the view that there were issues with Zurich's communication which led to there being uncertainty as to why Mrs C wasn't offered a renewal. So, Zurich should pay Mrs C £300 compensation.

My final decision

My final decision is that I uphold the complaint. Zurich Insurance Company Ltd must take the steps in accordance with what I've said under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 2 April 2026.

Paviter Dhaddy
Ombudsman