

The complaint

Mr B has complained about Zurich Insurance Company Limited's decision to turn down his claim under his marine (craft) insurance policy.

Any reference to Zurich includes its agents and trading names.

What happened

Mr B made a claim for the theft of items which he said were stolen from his boat between February and June 2024. Zurich sent a surveyor to inspect the boat and investigate the loss. Having received his report, Zurich turned down Mr B's claim citing several policy terms. Mr B complained about Zurich's decision. It sent the surveyor back to do a second inspection. It then issued a final response letter in which it confirmed its decision to turn down the claim was correct and cited some more policy terms it wished to rely on.

Mr B asked us to consider his complaint. One of our investigators did this. She said that, while she didn't think Zurich could rely on all the policy terms it had quoted, she was satisfied it could rely on some of them to decline Mr B's claim.

Mr B asked for an ombudsman's decision because he didn't agree with the investigator's view on his complaint. He said the exclusions Zurich had relied on weren't relevant to his claim. And he questioned why they had cited exclusions which clearly weren't relevant. He pointed out his boat was a restoration project and he had made that clear. And that the items that were stolen were taken from a secure and dry place on the boat.

I issued a provisional decision on 24 February 2026. In this I explained that I was satisfied that Zurich was entitled to rely on Mr B's breach of the condition in his policy to take reasonable steps to protect the property insured to decline his claim. However, I said that Zurich was wrong to rely on the other terms it had cited. And I explained why I thought its reliance on these terms without giving proper thought to whether they could do so was poor handling of Mr B's claim. I went on to say that this had caused him distress and inconvenience and that I thought Zurich should pay him £300 in compensation in recognition of this.

I gave both parties until 10 March 2026 to provide further comments and evidence in response to my provisional decision.

Mr B has not provided any further comments or evidence. Zurich has provided some further comments. It's said that the reason it thought it could rely on an exclusion for gradual deterioration to decline Mr B's claim was that, although they knew Mr B's boat was a restoration project, his boat still needed to be in a sailable condition. And had it known the extent of the restoration project, it would never have provided cover.

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 have decided that the fair and reasonable outcome I set out in my provisional decision is the right one.

I have noted what Zurich has said. But, even if Mr B's boat had been in a sailable condition, it would not necessarily mean the wheelhouse where the items was stolen from was secure. Also, if Zurich only wanted to insure Mr B's boat if it was in a sailable condition, it could have done more to check this. And it seems odd to me that in agreeing to insure a boat which was part of a restoration project, it simply assumed the boat was sailable. I say this, as it seems to me that a boat under restoration is quite likely not to be in a sailable condition until its restoration is complete.

Also, even if I were to accept Zurich could rely on this exclusion, there were other terms it cited that it clearly couldn't rely on, which shows it didn't give proper consideration to Mr B's claim.

It therefore remains my view that poor claim handling by Zurich caused Mr B unnecessary distress and inconvenience. And that he should receive £300 in compensation for this.

My final decision

For the reasons set out in my provisional decision and above, I've decided to uphold Mr B's complaint about Zurich Insurance Company Limited and I require it to pay him £300 in compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 April 2026.

Robert Short
Ombudsman