

The complaint

Mr B and Miss R are unhappy with what Great Lakes Insurance SE did after they made a claim on their wedding insurance policy.

What happened

Mr B and Miss R were due to get married in August 2020. Their venue was booked for three nights with the reception and ceremony taking place on 14 August. At the end of July they rearranged the wedding because of Covid-19 restrictions in place at the time. Although these were due to be relaxed from 1 August the Prime Minister announced on 31 July this would no longer take place. Mr B and Miss R made a claim on their policy for the additional costs of rearranging their wedding.

Great Lakes initially relied on an exclusion in the policy for claims arising directly or indirectly from a government regulation or act. However, following a Supreme Court judgement in early 2021 it said it would no longer do so.

There was then further discussion between Great Lakes and Mr B and Miss R about whether cover was available under their policy. Ultimately Great Lakes said that wasn't the case because their venue was open on the date of their wedding and while only limited numbers of guests would have been able to attend this wasn't an insured reason for cancellation (or rearrangement) under the terms of their policy.

Our investigator accepted the wedding and reception venue were open. However, given the Covid-19 restrictions only a small number of people would have been able to attend the reception. As around 60-90 people were due to attend he thought the event would have been radically different to what Mr B and Miss R had in mind. He accepted a reduction in numbers wasn't an insured event under the terms of the policy but on a fair and reasonable basis said Great Lakes should reassess the claim in line with the remaining policy terms.

Great Lakes agreed to do that. It also agreed to pay 8% interest on any settlement from the date of claim until the date of settlement. And it offered to pay £300 compensation in addition to that. However, Mr B and Miss R were concerned Great Lakes might not pay the full amount they'd claimed under the policy. And they queried whether the compensation amount was fair taking into account the stress and frustration they'd been caused and the time they'd put into trying to get their claim paid. They asked for it to be reviewed by an Ombudsman.

I let Mr B and Miss R know my initial thoughts by email earlier this month. In summary I said.

- I thought it was reasonable for Great Lakes to reconsider the claim against the remaining policy terms. And while I appreciated Mr B and Miss R's concerns about what outcome it might reach that's something Great Lakes would need to reach its own view on first;
- If they were unhappy with the amount Great Lakes did then agree to pay (or the time taken to reach a decision on this) that's something we could potentially consider as part of a fresh complaint;

- I'd taken into account the comments Mr B and Miss R made about the impact on them of what happened together with the circumstances of their particular claim. Having done so I thought the £300 compensation Great Lakes had offered was fair.

In response to my email Mr B and Miss R said:

- They didn't agree receptions were able to take place in any form on the original booked date of their wedding meaning it couldn't have taken place at all. And a close relative was also classed as extremely clinically vulnerable and was shielding;
- They didn't trust Great Lakes would now consider their claim fairly and drew attention to previous points where it had provided them with incorrect information. They didn't feel they'd be able to make progress without our continued involvement and regarded this as one issue and an ongoing complaint. And they were surprised I'd concluded the proposed compensation was fair given what they regarded as the dishonest handling of their claim by Great Lakes;
- They suggested this complaint should remain open until everything was finalised rather than a new complaint having to be submitted. And they said it would resolve matters if Great Lakes paid the claim amount they'd asked for plus 8% interest and the £300 compensation.

So I've decided to reach a final 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.

The relevant rules and industry guidelines say Great Lakes has a responsibility to handle claims promptly and fairly. It shouldn't reject a claim unreasonably.

Mr B and Miss R say receptions weren't permitted at all on the day of their wedding. And I appreciate the proposed relaxation to allow receptions of up to 30 people was paused by the Prime Minister at the end of July. But my understanding of the rules is that a small celebration could potentially have taken place if it complied with the social distancing requirements in place at the time.

I appreciate that would have meant only a very limited number of people could attend and would have been very different to what Mr B and Miss R envisaged. But a reduction in numbers isn't one of the reasons for cancellation or rearrangement covered by their policy. However, given that's such a radical change in numbers from what was originally proposed I agree with our investigator it's right Great Lakes considers the claim on a fair and reasonable basis. It's agreed to do so. As a result I don't need to consider whether the claim should also be covered on the basis a close relative was shielding.

I understand why Mr B and Miss R feel this complaint should remain open until Great Lakes reconsiders the claim. But, as I've explained to them, our role isn't to handle a claim but to reach a fair outcome on the complaint that's been brought to us. And their complaint was about the decision to decline their claim. I'm satisfied that issue is resolved by Great Lakes agreement to reconsider the claim and to pay 8% interest on any settlement amount.

I accept from Mr B and Miss R's perspective this is all part of one ongoing issue but under our rules we can only consider complaints which a business has had an opportunity to consider first. Any complaint about the settlement of the claim can't be something Great Lakes has had a chance to consider because it hasn't yet reached a decision on that. So this isn't an issue which forms part of this complaint. As I've said If Mr B and Miss R are unhappy with the decision Great Lakes now reaches (or the time taken to do so) that's something they can raise as part of a separate complaint.

Finally, I've considered whether the £300 compensation Great Lakes has proposed is fair. Mr B and Miss R have drawn attention in particular to the incorrect information they believe Great Lakes provided to them. I think they're right to say it did wrongly suggest a claim would only be covered if their entire wedding had been cancelled. However, I can also see clarification was quickly provided on the actual reasons for the claim decline. And while Mr B and Miss R have said they believe Great Lakes acted dishonestly I think it's worth saying it isn't our role to regulate or punish businesses for their conduct (that's the job of the Financial Conduct Authority).

What I'm considering is what the right amount is to recognise the impact on Mr B and Miss R of what Great Lakes got wrong. Taking into account what Mr B and Miss R have said about that impact (at what I appreciate was a difficult time) and the circumstances which led to their claim being declined it remains my view that £300 is an appropriate figure in this case.

Putting things right

Great Lakes will need to accept the claim Mr B and Miss R made and consider it against the remaining policy terms to decide what amount should be paid to them. Given it's now some time since Great Lakes agreed to do this, I'd ask it to do so as quickly as possible.

As agreed, it will also need to pay interest at 8% on any settlement amount from the date of claim until the date any settlement is paid. And it will need to pay them £300 compensation to recognise the impact on them of what it got wrong.

My final decision

I've decided to uphold this complaint. Great Lakes Insurance SE will need to put things right by doing what I've said in this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Miss R to accept or reject my decision before 21 July 2022.

James Park
Ombudsman