

## **The complaint**

Mr H complains that Great Lakes Insurance SE hasn't refunded any premiums he paid for his travel insurance policy. He's also unhappy with the service he's received.

## **What happened**

Mr H held an annual multi-trip travel insurance policy which covered him between 14 February 2020 and 13 February 2021. The insurer was Great Lakes.

There have been several parties involved here. But the issues Mr H is complaining about are ultimately the responsibility of Great Lakes. So, for simplicity, I'll only refer to Great Lakes in my decision.

Mr H travelled abroad between 19 February and 7 March 2020. While abroad, he incurred medical costs, and he made a claim for these to Great Lakes. He first wrote to Great Lakes about this claim on 13 March 2020 – but it wasn't until 17 November 2020 that Great Lakes issued a cheque in settlement of the claim. Great Lakes paid Mr H £50 for the distress and inconvenience caused during this time.

Mr H had planned to travel abroad again, but he wasn't able to do so due to the Covid-19 global pandemic. So, he wrote to Great Lakes on 25 July 2020 asking for an extension to his policy. Great Lakes didn't agree to this, and it said that it also couldn't refund any of the premiums Mr H had paid.

Unhappy with the response from Great Lakes, Mr H brought a complaint to our service.

Our investigator set out the details of the relevant cancellation rights and how they applied in the circumstances of this complaint. Overall, she didn't think Great Lakes had done anything wrong when it didn't offer Mr H a refund of his premiums. This was because not only was Mr H not entitled to any refund under the terms and conditions of his policy, he had also made a successful claim on the policy. So, she didn't think it would be fair or reasonable for Great Lakes to refund any of the premiums. She also didn't think Great Lakes needed to extend the policy period in the circumstances.

However, our investigator said that Great Lakes had caused unnecessary delays and confusion for Mr H. She didn't think £50 fairly compensated Mr H for these – she thought a total of £200 was fair and reasonable in the circumstances. Great Lakes agreed to pay the additional £150, but Mr H wanted an ombudsman to review everything.

As no agreement was reached, the complaint was passed to me to decide.

## **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.

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of Mr H's complaint.

Our investigator identified, and set out, the rules, regulations and law. I agree those are the relevant considerations which apply to the specific circumstances of this complaint. It's a fundamental principle of insurance law that if the insurer had started to bear risk – for however short a time – the premium paid is not returnable.

As our investigator explained, Mr H isn't entitled to a refund of premiums under the terms and conditions of his policy. And fundamentally, the key issue here is that Mr H made a successful claim on the policy. That means he's had the benefit of the policy. Overall, I don't think it would be fair or reasonable for Great Lakes to refund him any of the premiums he paid, even while he wasn't able to travel again during the remaining policy period due to Covid-19. I also don't think Great Lakes did anything wrong when it declined to extend the policy period – there was no requirement for it to do so.

I've looked through the timeline of events. I accept that some of the delays were outside of Great Lakes' control due to the Covid-19 global pandemic. But I agree with our investigator that there have been unnecessary delays and confusion caused by Great Lakes, which had an impact on Mr H.

For example, Mr H had to request the medical expense claim form a few times before Great Lakes sent it. It later referred to this having been sent already in February 2020, but this was a cancellation claim form. Great Lakes also incorrectly told Mr H that he had to pay his medical costs before claiming, whereas it could've settled these directly with the medical provider. This incorrect information resulted in a delay in moving things forward.

Great Lakes also asked Mr H to arrange his GP to complete a medical certificate – which might've incurred a cost to Mr H – when this wasn't actually needed due to the reason he'd incurred the medical costs. While I understand why Great Lakes originally requested this, considering the delays here, I think it could've confirmed much earlier that this wasn't actually needed in the circumstances. Instead, this resulted in a further delay to settle the claim.

Great Lakes has agreed to pay a total of £200 (so, £150 in addition to the £50 already paid) for the distress and inconvenience it caused to Mr H. I think this is a fair and reasonable in the circumstances of this complaint.

### **Putting things right**

Great Lakes should pay Mr H an additional £150 for the distress and inconvenience caused – so, a total of £200.

### **My final decision**

For the reasons I've explained, I uphold Mr H's complaint in part. I direct Great Lakes Insurance SE to put things right in the way that I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 June 2022.

Renja Anderson

**Ombudsman**