

The complaint

Mr and Mrs K and Mr and Mrs S complain that Great Lakes Insurance SE has turned down a cancellation claim they made on a travel insurance policy.

What happened

In January 2020, Mr and Mrs K and Mr and Mrs S booked a UK holiday and they were due to travel between 4 and 18 July 2020. Alongside their holiday booking, they took out joint cancellation cover which was sold by a broker and underwritten by Great Lakes.

However, on 11 March 2020, the World Health Organisation declared Covid-19 to be a pandemic. On 23 March 2020, the UK government imposed national restrictions on movement and travel, commonly referred to as lockdown. And on 14 and 20 April 2020 respectively, Mr and Mrs K received letters from the NHS which advised them to 'shield' against the risk of contracting Covid-19 for at least 12 weeks from the date of each letter.

In early June 2020, Mrs K's GP advised Mrs K to shield until at least the end of that month and stated it would be unwise for her to travel for leisure purposes for the foreseeable future. On that basis, Mr and Mrs K and Mr and Mrs S cancelled their booking and made a claim for the associated cancellation costs. Mr and Mrs K both received further NHS shielding letters in June 2020, which explained that although some advice would change during July and August 2020, they should both still stay at home where possible.

Subsequently, on 4 July 2020, the day the party had been due to travel, most 'lockdown' restrictions were lifted. At this point, two households were permitted to mix both indoors and outdoors.

Great Lakes turned down the claim. It said that neither fear of contracting Covid-19 because of age or medical conditions nor cancellation due to government action were covered by the policy terms.

Mr and Mrs K and Mr and Mrs S were unhappy with Great Lakes' decision and they asked us to look into their complaint.

Our investigator thought this complaint should be upheld. She noted that the cancellation section of the policy covered cancellation due to a policyholder's quarantine. She concluded Mr and Mrs K's situation could fairly be treated as a period of quarantine. And she noted that the policy excluded cover if a policyholder travelled against medical advice. So she didn't think it was fair for Great Lakes to have turned down the claim and she recommended that it should accept it, adding annual interest of 8% to any settlement.

Great Lakes disagreed. It didn't think the claim was covered by the policy terms. It referred to a case where it considered we'd agreed on this point.

I issued a provisional decision on 6 April 2022. In my provisional decision, I explained the reasons why I didn't think it was fair for Great Lakes to turn down Mr and Mrs K's claim. I said:

'The relevant regulator's rules say that insurers must handle claims promptly and fairly. And they mustn't turn down claims unreasonably. So I've considered, amongst other things, the terms of Mr and Mrs K and Mr and Mrs S' policy and the available evidence, to decide whether Great Lakes treated them fairly.'

I've first considered the terms and conditions of Mr and Mrs K and Mr and Mrs S' policy, as these form the basis of their contract with Great Lakes. The cancellation section provides cover for a policyholder's unused travel and accommodation expenses if they have to cancel their trip due to one of a number of listed, specified events. One of these is:

'You or any person who you are travelling or have arranged to travel with being quarantined, called as a witness at a Court of Law or for jury service attendance.'

The contract of insurance doesn't define what Great Lakes means by quarantine. In these circumstances then, I've considered the ordinary, everyday meaning of the word as well as the context in which the word 'quarantine' is used within the policy wording. I've also had regard to the following dictionary definitions of quarantine:

'a period of isolation or restrictions on movements intended to prevent the spread of disease'.

'a general period of time in which people are not allowed to leave their homes or travel freely, so that they do not catch or spread a disease'.

'a state of enforced isolation'.

I've looked closely at the shielding letters which was sent to Mr and Mrs K on 14 and 20 April 2020 respectively. These stated that the safest course of action was for Mr and Mrs K to stay at home at all times and avoid all face-to-face contact, except from those from whom they received medical care, for a period of at least 12 weeks from the date of the letters. In both Mr and Mrs K's cases, 12 weeks from the date of each letter would mean they were advised to shield until after the date they were due to depart. And Mrs K's GP wrote a letter on 4 June 2020, which stated that due to Mrs K's medical conditions, she was at high risk of developing complications of Covid-19 and had been advised to shield until the end of June 2020 at least. The GP also stated that they thought it would be unwise for Mrs K to travel for leisure for the foreseeable future.

And additionally, both Mr and Mrs K received further shielding letters on 22 June 2020. These outlined that there were some planned changes to shielding advice which would take effect on 6 July 2020. These included clinically extremely vulnerable people being able to meet up to six people outside; an end to social distancing within their own households and being able to form a support bubble. But the letter stated that 'all the other current shielding advice (would) remain unchanged.' The letter also stated that further changes to the advice would take place on 1 August 2020, when people would be able to go outside for shopping or for exercise etc. Although the letter stated that even after this date, guidance would still be to stay at home as much as possible.

It's clear though that at the point Mr and Mrs K and Mr and Mrs S cancelled their trip, on 15 June 2020, medical advice for both Mr and Mrs K was to stay at home and only leave home for a very limited number of reasons. I think that this can fairly be treated as a period of enforced isolation. And I think the shielding letters, which were specifically addressed to Mr and Mrs K, are evidence that they were in such isolation.

In my view, the common meaning and understanding of quarantine is wide enough to include Mr and Mrs K's enforced isolation to avoid the risk of contracting Covid-19. And I

think a reasonable person would therefore consider that Mr and Mrs K were in quarantine and that that was the reason the trip had to be cancelled.

As I think Mr and Mrs K were effectively in quarantine, I think their claim falls within the scope of policy cancellation cover. I appreciate Great Lakes considers that the shielding advice is tantamount to a government regulation. I disagree. I say that because the April 2020 shielding letters state their purpose is to 'give advice.' And the shielding letters of 22 June 2020 clearly state that:

*'Like all our **guidance** to those who are clinically extremely vulnerable, this was **advisory**.'* (Emphasis added).

Government regulations are passed in Parliament; have legal effect and can be enforced. Advisory guidance is purely advisory and there's no obligation to follow it nor are there any potential legal consequences if a person chooses not to do so. And as I've set out above, on the day the party was due to travel, most lockdown restrictions had been lifted. The party could have legally travelled and stayed together. So I don't think this exclusion would apply to the circumstances of Mr and Mrs K and Mr and Mrs S' claim.

I'd add too that I think there's another reason why it's fair and reasonable for Great Lakes to reassess Mr and Mrs K and Mr and Mrs S' claim. That's because page 1 of the policy sets out a list of 'health conditions', which a policyholder must be able to comply with in order to have full medical cover. This section asks whether a policyholder is travelling against medical advice. And to have full medical cover, a policyholder must be able to answer no to this question.

Given Mr and Mrs K's circumstances, the GP's letter of 4 June 2020 and the NHS letters which had been sent specifically to them, advising them to shield, I think they'd have been travelling against medical advice if they'd taken the trip as planned. This means the answer to this question would've been 'yes'. I think it's likely Mr and Mrs K and Mr and Mrs S may have understood that Great Lakes would've refused to cover them if they had travelled and claimed. I think that leaves Mr and Mrs K and Mr and Mrs S in the unfair position of not being covered if they cancelled due to Mr and Mrs K having to isolate on the advice of the NHS and Mrs K's GP but also not being covered if they had travelled because of the medical advice to isolate and not travel.

Great Lakes has referred to another case where we've reached a different outcome. However, each case is considered on its own specific facts. And in the individual circumstances of this complaint, I currently think that the fair and reasonable outcome is for Great Lakes to reassess this claim in line with the policy terms and conditions.'

I asked both parties to send me any more evidence or information they wanted me to consider.

Mr S accepted my provisional decision (as the representative of all of the complainants).

Great Lakes didn't agree with my provisional findings. In summary, it maintained that the general principles of this complaint were the same as other complaints where'd we reached a different outcome. It also referred to the policy exclusion for cancellation claims arising from regulations set by the government of any country. And it didn't agree that shielding was the same as quarantine. It said Mr and Mrs K's GP hadn't placed them in quarantine, they'd been advised to shield because of Covid-19. If they hadn't followed shielding guidance, they wouldn't have broken any laws or regulations.

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 still don't think it was fair for Great Lakes to turn down Mr and Mrs K's claim and I'll explain why.

As I set out above, we assess complaints on their own individual facts and circumstances and outcomes are not generally intended to create precedent. So in making my decision on this complaint, I've decided what I think is fair and reasonable based on these specific facts.

In my view, Mr and Mrs K would've understood the shielding letters to have been clear medical advice to strictly stay at home as much as possible, given the risk of Covid-19. In the case of shielding, those who were asked to shield were recommended to only leave home for a very limited number of reasons. I'm still persuaded that the shielding guidance meant that Mr and Mrs K were placed in an effective state of enforced isolation and that they remained in such isolation for a prolonged period of time to prevent the spread of disease. And I'm satisfied that most people would reasonably interpret Mr and Mrs K's circumstances to be at least akin to quarantine.

Great Lakes has referred to the policy term which excludes cancellation claims arising from the regulations of any government. However, I simply don't think this exclusion clause applies to the circumstances of this claim. On the day Mr and Mrs K were due to travel, most lockdown restrictions had been lifted and government rules allowed the indoor and outdoor mixing of two households. This means that Mr and Mrs K and Mr and Mrs S could've travelled without breaking any law or incurring any potential penalties. And Great Lakes acknowledges that the failure to follow shielding guidance wouldn't constitute any legal breach. As I explained, shielding advice was not government-made law and neither could adherence to it be legally enforced. So the exclusion Great Lakes has referred to wouldn't apply to the circumstances of this particular claim.

Overall, I still find that the reason the holiday was cancelled was because Mr and Mrs K had received shielding advice. Mrs K had also been advised that she wasn't fit to travel for leisure purposes for the foreseeable future. This means I still think this trip was cancelled due to Mr and Mrs K's quarantine. And therefore, I still think the fair and reasonable outcome here is for Great Lakes to reassess the claim in line with the remaining terms and conditions of the policy.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that I uphold this complaint.

I direct Great Lakes Insurance SE to reassess this claim in line with the policy terms and conditions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K, Mrs K, Mrs S and Mr S to accept or reject my decision before 6 June 2022.

Lisa Barham
Ombudsman