

The complaint

Mrs W, Mr W and Mrs G are unhappy that Great Lakes Insurance SE declined the claims made under their travel insurance policies.

What happened

Mrs W purchased a single trip travel insurance policy with Great Lakes on 22 October 2019. This was to provide cover for her to go on holiday abroad, departing on 2 April 2020, and returning to the UK on 13 April 2020. The holiday Mrs W was planning on taking was with her son, Mr W, Mr W's wife Mrs G, and their children.

Mr W and Mrs G also purchased a single trip travel insurance policy, with Great Lakes, but on 31 October 2019. This was to cover them for the same holiday, and the same dates, given they were planning on travelling with Mrs W.

Both parties later purchased travel disruption cover for their respective policies.

However, Mrs W, Mr W and Mrs G have explained that on 13 March 2020, Mr W was informed by his medical team that he should not travel on the above planned holiday. This was because some years previously Mr W had an organ transplant – and the medical team said this put him at higher risk of poorer outcomes, should he contract Coronavirus.

Because of this information, on 16 March 2020, Mrs W, Mr W and Mrs G cancelled their holiday. They were both able to get a refund from the airline provider due to take them abroad. But they weren't able to get a refund on their accommodation, or internal flights. This meant Mrs W had lost £3,061. And Mr W and Mrs G had lost £9,413.

Because of the above losses Mrs W made a claim under her travel insurance policy. And Mr W and Mrs G made a claim under theirs.

Great Lakes considered both claims and declined them. They said that Mrs W, Mr W and Mrs G had cancelled their holiday because of a disinclination to travel – given Mr W's medical situation. And this wasn't covered by the insurance policies.

In addition, Great Lakes said the additional travel disruption cover both parties had purchased only provided cover for cancellation due to Foreign, Commonwealth and Development Office (FCDO) advice against all or all but essential travel, in relation to coronavirus. And, the parties here had cancelled their holiday before this advice came into being. So, there wasn't any cover under this additional cover option either.

Mrs W, Mr W and Mrs G were unhappy with this. And so, raised a complaint about the matter. Great Lakes maintained its position on both claims. Because Mrs W, Mr W and Mrs G remained dissatisfied, they referred the matter to this service for an independent review.

Our investigator considered this complaint and felt it should be upheld, and that Mrs W, Mr W and Mrs G's claims should be settled, in line with the remaining terms and conditions of their policies.

Our investigator accepted that strictly following the terms and conditions of both policies (which were the same terms), there wasn't cover under the cancellation, or travel disruption section of the policies for the situation being claimed for. But our investigator said that the policies didn't provide cover for travelling against medical advice. And because Mr W had been given medical advice not to travel, then there would have been no cover if Mrs W, Mr W and Mrs G had travelled. As well as no cover if they hadn't.

Our investigator didn't consider that fair – as either way, Mrs W, Mr W and Mrs G were paying for cover they couldn't have used. And given the situation – Mr W having had an organ transplant and being in a high-risk group to travel, our investigator thought a strict application of the policy terms wasn't fair. They thought this was the case for Mrs W too – as otherwise she would have been travelling alone, on what was a specific, family holiday.

Great Lakes didn't agree. It reiterated there was no cover for a disinclination to travel. And it said the parties had cancelled their holiday too early – in light of the FCDO advice that came out shortly after. Great Lakes also said the parties should be able to receive a refund from their travel agent. And that the policies excluded government prohibitive regulations.

Because Great Lakes didn't agree, this complaint has been referred 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.

Having done so, I've decided to uphold this complaint. I've explained why below. When considering complaints such as this, I need to consider the relevant law, rules and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly, fairly and not unreasonably decline it. So, I've thought about whether Great Lakes, in declining these claims, acted in line with these requirements. And I don't think it did. I don't think it acted fairly when it made the decision to decline both claims.

Cover under the policies

I've reviewed Mrs W, Mr W and Mrs G's policies – which are under the same policy terms. From doing so, I can see that the insurance does cover cancellation of a holiday. But only in certain situations. The situations covered within the policy include being called for jury service, being made redundant and being unable to travel due to unforeseen injury, illness or death of the policyholder, close relative or travelling companion.

The travel disruption part of the policies that both parties purchased, provided cover for the need to cancel a trip, because of Foreign, Commonwealth and Development Office (FCDO) advice against all, or all but essential travel.

I've thought about the reason why Mrs W, Mr W and Mrs G cancelled their holiday, and whether it fell into any of the reasons noted as covered under their policies. And I don't think it did. Mrs W, Mr W and Mrs G cancelled their holiday on 16 March 2020, as noted on the invoices from the firm that arranged their trip. This was before any FCDO advice against all, or all but essential travel. So, that wasn't the reason the holiday was cancelled. Rather, it was cancelled because of medical advice given to Mr W about travelling.

Mrs W, Mr W and Mrs G have said Mr W was told on 13 March 2020, that he shouldn't travel abroad, as the recipient of an organ transplant. And they have provided a letter from Mr W's

medical team, explaining that that he was in a category of people at severe risk of developing severe disease, with higher chances of there being a poorer outcome, should he catch coronavirus. The letter explained that from the beginning of the pandemic in March 2020, the medical team had advised against travel abroad. Given Mrs W, Mr W and Mrs G's explanation, and the letter to Mr W, I'm satisfied the main reason the holiday was cancelled was due to the medical advice provided to Mr W.

As above, I acknowledge this isn't an incident covered under the policies here. Further to this, I can see that the policies actively exclude travelling against medical advice. This was made clear to Mrs W, Mr W and Mrs G in their policy documentation.

The Insurance Product Information Document (IPID) explained the following:

"What is not insured

(...)

Travelling against medical advice or with the intention of obtaining medical treatment abroad."

And this was also discussed in the main policy booklet. Given this, on a strict interpretation of the terms here, Mrs W, Mr W and Mrs G aren't covered for their losses. There was no insured event to cover the situation they found themselves in. And they weren't covered when travelling against medical advice.

Fair and reasonable

But it is also within my remit to consider what is fair and reasonable in the circumstances. And I can depart from a strict interpretation of the policy terms in line with this – where I consider that a strict interpretation leads to an unfair result. I do think following the strict policy terms leads to an unfair result in both Mrs W and Mr W and Mrs G's cases.

In terms of Mr W and Mrs G - if Mr W and his family had taken their trip as planned, they would have been travelling against specific advice from the NHS. And so, as per the policy terms, their policy would have been invalidated and they wouldn't have been entitled to any cover at all, under any section of the policy. So, it wasn't an option in Mr W and Mrs G's case, to continue with the holiday after the NHS advice.

If Mr and Mrs G hadn't cancelled their holiday, and had travelled abroad instead, their policy would have no value to them at all – seeing as it wouldn't have afforded them any cover. Based on Great Lakes' position on this case, the policy also was of no value to them for cancelling the trip, due to medical advice against travel. So, either way, the policy provided no benefit to them. I don't think that's fair and reasonable in the circumstances of this case – Mr W and Mrs G were left with no option but to cancel their trip, with no cover.

Great Lakes has said the holiday wasn't cancelled due to an exacerbation of Mr W's condition. But medical professionals thought these conditions put Mr W at high risk of illness if he travelled. And I note that Mr W and Mrs G declared these conditions to Great Lakes, which had agreed to cover them. It's likely they paid an additional medical premium as a result of this.

I think it's fair to conclude that Mr W and Mrs G's claim did, in effect, arise from conditions Great Lake had agreed to accept, albeit indirectly. So, overall, in these circumstances, I think the fair and reasonable outcome is for Great Lakes to deal with Mr W and Mrs G's cancellation claim, under the remaining terms and conditions of the policy.

In terms of Mrs W - Mrs W cancelled her holiday, because her travelling companions, Mr W and his family, were unable to travel – because of the above-mentioned medical advice. The terms and conditions of her policy are the same to that of Mr W and Mrs G's. So, there was cancellation cover due to the illness or injury of a travelling companion, but no cover for potential future illness, brought about by the risk of travelling. But I think applying the terms strictly here also leads to an unfair result.

Mrs W's holiday was cancelled because her travelling companion's health meant the planned family holiday was no longer possible. It wasn't cancelled because she no longer wanted to travel. It seems to me that cancellation due to a travelling companions health concerns – in this very specific circumstance – is within the spirit of the term covering cancellation for a travelling companion's illness or injury. And Mrs W was going on a family holiday, accompanied by her son, daughter-in-law and grandchildren, that could no longer happen. So, I think it would be fair for Great Lakes to accept Mrs G's claim on that basis, given the specific circumstances of this case.

Great Lakes have said Mrs W, and her family, cancelled the holiday too early. They say this because if they had cancelled their holiday a little later than they did, there would have been cover under the travel disruption section of the policies. This is because on 17 March 2020, the FCDO advised against all, or all but essential travel – including to Mrs W, Mr W and Mrs G's intended destination.

Having looked at the travel disruption section of the policies, I can see that this would have covered Mrs W, Mr W and Mrs G for no longer being able to travel due to FCDO advice. And whilst they may have cancelled their holiday one day earlier than this advice – for the above-mentioned reasons, it seems to me this didn't prejudice Great Lakes position on any claims. They would have received covered cancellation claims anyway, and none of the losses could have been mitigated. With this in mind, in these instance, I think it's fair and reasonable to accept and settlement Mrs W's claim, in line with the remaining terms and conditions of the policy – as well as Mr W, Mrs G's (and their children).

Great Lakes has raised an additional point – that Mrs W, Mr W and Mrs G's main policies don't cover them where there are prohibitive regulations by the government of any country. Our investigator has highlighted there were no prohibitive regulations at the time the holidays were cancelled. And in any event, Mrs W, Mr W and Mrs G also paid for travel disruption cover, which if prohibitive regulations had been in place by the FCDO, would have covered the situation. So, I don't this this point alters the outcome of this case.

Lastly, Great Lakes has said Mrs W, Mr W and Mrs G should have been able to recover costs from the travel agent they booked their trip through. Our investigator noted that the terms and conditions of the trip booked meant that the trip costs weren't refundable. And, the travel agent wasn't ABTA protected, meaning Mrs W, Mr W and Mrs G didn't have this avenue to pursue a return of their money. Looking at the type of trip booked, the protection afforded to the trip, and the terms of the holiday, I'm satisfied Mrs W, Mr W and Mrs G weren't able to recover their claimed for costs elsewhere. So, I'm satisfied this also doesn't change the outcome of this complaint.

My final decision

Given the above, my final decision is for Great Lakes Insurance SE to settle Mrs W's claim, under her policy, in line with the remaining terms and conditions of her policy.

I also require Great Lakes Insurance SE to settle Mr W and Mrs G's claim, under their policy, in line with the remaining terms and condition of their policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G, Mr W and Mrs W to accept or reject my decision before 14 September 2022.

Rachel Woods
Ombudsman