

The complaint

Mr C, Mrs M, Mr M and Miss R complain because Great Lakes Insurance SE hasn't paid a claim for a cancelled trip under their travel insurance policy.

All references to Great Lakes Insurance SE include the agents it has appointed to administer claims on its behalf.

What happened

Mr C, Mrs M, Mr M and Miss R were insured under a single trip travel insurance policy, provided by Great Lakes. They were due to stay in a holiday cottage in the UK from 17 April 2020 until 24 April 2020.

On 1 April 2020, Mrs M's midwife said she shouldn't go on the trip. The midwife said:

'...the Government have deemed all women who are pregnant to be in the high risk/vulnerable category from 28 weeks due to the Covid-19 outbreak. Meaning that they should not go out at all, unless completely essential, and self-isolate at home for 12 weeks...'

Mr C, Mrs M, Mr M and Miss R therefore cancelled their planned trip and made a claim under their policy with Great Lakes for their unused costs. Great Lakes said the risk of contracting Covid-19 wasn't covered under the policy. Mr M, on behalf of all the insured parties, disputed this and said the policy covered cancellation because of *'complications arising as a direct result of pregnancy'*.

Great Lakes maintained its position and gave examples of what medical conditions it would consider as complications of pregnancy. Great Lakes also said the cancellation section of Mr C, Mrs M, Mr M and Miss R's policy contained an exclusion for *'regulations set by the government of any country'*.

Unhappy, Mr M brought the complaint to the attention of our service. One of our investigators looked into what had happened and said Great Lakes should reconsider the claim as falling within the policy coverage for *'complications arising as a direct result of pregnancy'*. Great Lakes didn't agree with our investigator's opinion, so the complaint was referred to me. I made my provisional decision about this complaint in May 2022. In it, I said:

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

I don't agree that precautionary isolation (even if medically advised) to prevent contracting Covid-19 can reasonably be considered to constitute a complication of pregnancy. Even in the absence of a definition in the policy for the meaning of the phrase 'complications arising as a direct result of pregnancy', I don't think it's fair to conclude that this claim arose because of a medical difficulty relating to Mrs M's pregnancy itself. Instead, the claim arose

because of an external factor (government advice relating to Covid-19).

I also don't agree that the statement issued about coronavirus cover for policies purchased up to 16 March 2020 means this claim is covered under Mr C, Mrs M, Mr M and Miss R's contract with Great Lakes. This is because I don't think Mrs M's circumstances fell within any of the situations listed in the information about the additional cover quoted by Mr M.

But I do think that it would be fair and reasonable for Great Lakes to reconsider this claim as being covered under 'Section 1 – Cancellation' of the policy for another reason. Section 1 of the policy says Great Lakes will pay for certain costs if a trip is cancelled for one of a list of specific, insured reasons. One of these reasons is:

'2. You or any person who you are travelling or have arranged to travel with being quarantined...'

The word 'quarantine' isn't defined within the policy. Mrs M was advised to isolate by her midwife. I've considered several dictionary definitions of the words 'quarantine' and 'isolation'. While there may well be a slight distinction to be made between the dictionary definitions of these words, I'm satisfied based on the evidence available to me that Mrs M was medically advised to separate herself entirely from other people in order to prevent her being exposed to an infectious disease.

Taking into account the ordinary, everyday meaning of the word 'quarantine', as well as the context in which the word is used within the policy, I think a reasonable person would consider that this meant Mrs M was in quarantine and this was the reason she was unable to travel.

I therefore think the circumstances of this claim are covered under the terms and conditions of the cancellation section of Mr C, Mrs M, Mr M and Miss R's policy.

For the avoidance of doubt, I don't think it's fair or reasonable to conclude that the policy exclusion relating to government regulations applies to this claim. Covid-19 shielding advice was just that – advice – and didn't have the force of law.'

So, my provisional findings were that I intended to uphold this complaint.

Mrs M and Mr M didn't respond to my provisional findings. Mr C and Miss R acknowledged receipt of my provisional decision without any additional comments. Great Lakes responded to my provisional decision and referred to two previous cases where our service had found that the consumers in question weren't in 'quarantine'. Great Lakes said it felt that Mr C, Mrs M, Mr M and Miss R's complaint involved similar circumstances.

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.

I've taken into account what Great Lakes has said, but I'm not bound by any previous determinations of our service in other cases. My remit is to make a decision based on what I think is fair and reasonable in the circumstances of an individual case.

I remain satisfied, for the reasons set out in my provisional decision, that the circumstances of Mr C, Mrs M, Mr M and Miss R's claim are covered under the terms and conditions of their policy.

Putting things right

Great Lakes Insurance SE must assess Mr C, Mrs M, Mr M and Miss R's claim under the cancellation section of their policy, subject to the remaining terms and conditions of the policy but without reference to the government regulations exclusion.

My final decision

My final decision is that I uphold Mr C, Mrs M, Mr M and Miss R's complaint and I direct Great Lakes Insurance SE to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C, Mrs M, Mr M and Miss R to accept or reject my decision before 18 July 2022.

Leah Nagle
Ombudsman