

## The complaint

Mr K and Miss S complain about Great Lakes Insurance SE's settlement of their travel insurance claim. My references to Great Lakes include its agents.

## What happened

Mr K and Miss S had annual multi trip travel insurance. The policy cover period was from 4 October 2021 to 3 October 2022. The relevant parts of the policy were insured by Great Lakes.

In November 2021 Mr K and Miss S were on a special holiday abroad where they were due to travel to two countries. For the onward travel to the second country they had to take a mandatory PCR test for Covid-19 and Miss S tested positive. Mr K and Miss S say the Covid-19 regulations of the country they were in at the time required Miss S, and Mr K as he was her 'close contact', to be quarantined in a private quarantine facility until she tested negative for Covid-19. They say due to Miss S being ill with Covid-19, and them both being quarantined, they lost the last two days of their holiday in the first country and lost all of their holiday in the second country.

Mr K and Miss S claimed on the policy for medical expenses, flights to return to the UK and the costs due to cutting short (curtailing) their holiday.

Great Lakes paid for the medical expenses and flights. When Mr K and Miss S asked about the lost costs of cutting short their trip Great Lakes ultimately said that part of their claim wasn't covered as section 20 of the policy, which gave cover for Covid-19, only covered unused excursions not unused holiday.

Mr K and Miss S complained to us. They said their claim for loss of holiday was covered by the policy terms, Great Lakes had ignored the points they made in correspondence and been very slow to respond. They want their claim for loss of holiday paid.

Our investigator said Great Lakes had unfairly settled the claim. She recommended Great Lakes consider the loss of holiday part of the claim subject to the policy terms, plus interest, and pay £150 compensation for Mr K and Miss S' distress and inconvenience due to its poor handling of the claim.

Great Lakes disagrees and wants an ombudsman 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 regulator's rules say that insurers must handle claims promptly and fairly. And they mustn't turn down claims unreasonably.

I think Great Lakes unreasonably settled the claim and didn't handle the claim promptly or fairly. I uphold the complaint and I'll explain why.

The policy at Section 2 'Curtailment and loss of holiday' covers specified additional and unused costs and says:

*'Words with special meanings specific to this section*

#### *Loss of Holiday*

*The number of complete days that You are confined to a hospital, hotel room or cabin on the orders of Your treating Medical Practitioner during the period of Your Insured Journey, due to Your Bodily Injury or Illness.*

*This section of the Policy sets out the cover We provide to each Insured Person in total per Insured Journey, up to the sum insured shown in the Table of Benefits, following necessary and unavoidable Curtailment of, or Loss of Holiday on, an Insured Journey as a result of:*

*1. The ... Illness, as certified by a Medical Practitioner, of You, Your Relative, ... or travelling companion..'*

*...*

#### *What is covered*

*1. Your reasonable additional travel and accommodation expenses which You incur in the Curtailment of Your Insured Journey; and*

*2. A pro-rata amount corresponding to the cost of the unused proportion of:*

*a. Your non-refundable pre-booked travel and accommodation expenses which You have paid or are contracted to pay; and*

*b. Your non-refundable pre-booked airport parking, car hire, airport lounge pass and excursions which You have paid or are contracted to pay...'*

The general policy exclusions section of the policy says Great Lakes won't pay for any costs caused by:

#### *'Coronavirus*

*Any coronavirus including but not limited to COVID-19, or any related/mutated form of the virus. This exclusion does not apply to COVID-19 claims under the COVID-19 cover section of this Policy'.*

The policy at Section 20 'Covid-19 cover' says:

*'PLEASE NOTE: this section of cover extends the cover provided under the Emergency medical and repatriation expenses, Cancellation and Curtailment and loss of holiday sections of this Policy as follows...*

#### *B. Curtailment*

*We provide to each Insured Person in total per Insured Journey, up to the sum insured shown in the Table of Benefits, following necessary and unavoidable Curtailment of an Insured Journey as a result of...*

*2. You are unable to continue with a pre-booked excursion following Your self-isolation as ordered by a relevant Government authority due to contracting COVID-19, as certified by a Medical Practitioner following a medically approved test showing a positive result for COVID-19.*

The costs listed under 'What is covered' are the same as set out under section 2 above.

Great Lakes has paid for the medical expenses for Covid-19 and the additional flight costs Mr K and Miss S incurred. So Great Lakes hasn't disputed that Mr K and Miss S gave evidence that an insured event - a medically approved test with a positive Covid-19 result and government requirement to isolate - occurred.

I'm satisfied that Mr K and Miss S' trip was effectively curtailed, and holiday lost, by an insured event from 10 November 2021 which is the date I understand they were confined to the Covid-19 quarantine facility.

Great Lakes objects to paying the lost holiday travel and accommodation costs because it says section 20 Covid-19 only covers curtailment of 'a *pre-booked excursion*', and as Mr K and Miss S had lost holiday, not an unused excursion, there's no cover.

I think Great Lakes' interpretation of the policy terms at section 20 ignores that the note at the start of the section says section 20 '**extends** (my emphasis) *the cover provided under the ...Curtailment and loss of holiday sections of this Policy as follows*'. I think that policy wording reads as if the section 20 Covid-19 cover is in addition to the section 2 Curtailment and loss of holiday cover which means I think Mr K and Miss S' claim for the effective curtailment and lost days of their holiday is covered under the policy terms.

Even if I thought that the general policy exclusion for Covid-19 meant that section 20 should be read without reference to section 2, on a fair and reasonable basis I think the claim should be covered. It's not clear from the policy wording that if Mr K and Miss S had to be quarantined for Covid-19 Great Lakes would cover the cost for unused excursions but not the cost of curtailment/loss of holiday. I consider that's an unusual restriction but I've seen no evidence that the restriction was highlighted to Mr K and Miss S. And as the note at the start of section 20 reads as if section 20 is an extension of section 2 I think a reasonable consumer would reasonably consider that they would be covered for loss of holiday due to being confined due to Covid-19.

I have seen that in initial correspondence between the parties Great Lakes said the policy only covered additional costs not unused costs. That's not correct as the policy clearly provides cover for unused non-refundable costs as set out in the policy terms at section 2 and section 20.

I don't think it was fair and reasonable for Great Lakes to decline the loss of holiday part of Mr K and Miss S' claim. It should pay that part of the claim subject to the remaining policy terms and conditions and policy limits plus interest.

I think Great Lakes unfairly handled this claim and Mr K and Miss S have been distressed and inconvenienced due to its delayed and poor communication around this claim. Great Lakes hasn't given any reason why it shouldn't pay the £150 compensation our investigator recommended. I think £150 compensation is a reasonable amount to acknowledge Mr K and Miss S' distress and inconvenience caused by Great Lakes' unfair service.

### **Putting things right**

Great Lakes must pay the loss of holiday part of Mr K' and Miss S' claim subject to the remaining policy terms and conditions and policy limits, plus interest as detailed below. It must also pay Mr K and Miss S £150 compensation for their distress and inconvenience due to its unfair service.

### **My final decision**

I uphold the complaint and require Great Lakes Insurance SE to:

- pay the loss of holiday part of Mr K' and Miss S' claim subject to the remaining policy terms and conditions and policy limits, plus interest\* at 8% simple a year from the date of claim to the date of settlement, and
- pay Mr K and Miss S £150 compensation for their distress and inconvenience due to

its unfair service.

\*If Great Lakes Insurance SE considers that it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mr K and Miss S how much it's taken off. It should also give Mr K and Miss S a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K and Miss S to accept or reject my decision before 29 June 2023.

Nicola Sisk  
**Ombudsman**