

The complaint

Mr and Mrs D are unhappy with the way Great Lakes Insurance SE ('Great Lakes') handled their claim.

What happened

Mr and Mrs D have a travel insurance policy underwritten by Great Lakes. They made a claim following a trip abroad when their return flight was cancelled by the airline.

Great Lakes accepted the claim but only paid £20 for the travel delay. Mr and Mrs D complained about the settlement amount and the delay in settling the claim. Great Lakes apologised for the delay and offered £50 compensation.

Unhappy, Mr and Mrs D referred their complaint to this Service.

Our investigator looked into the complaint and found Great Lakes hadn't correctly settled the claim. She recommended that Great Lakes pay the full benefit amount with interest plus the compensation it had offered if it hadn't already been paid.

Great Lakes didn't respond and so the case has been passed to me for a final 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.

Having done so, I agree that this complaint should be upheld. I'll explain why.

The relevant rules and industry guidelines say an insurer should handle claims promptly and fairly. And shouldn't unreasonably reject a claim.

The relevant section of the policy is section 11 which says:

"This section of the Policy sets out the cover We provide to each Insured Person in total per Insured Journey, up to the sums insured shown in the "Table of Benefits", in the event of your unavoidable delay in departure of at least 12 hours from Your original scheduled departure time from Your first departure point on Your outward journey or Your last departure point on Your return journey as a result of...

...4. Cancellation by the transport provider of Your scheduled pre-booked international flight, ferry, train or coach."

Under what is covered, the policy says:

1. *"Travel delay benefit...*

...b. in the event of 4. (cancellation by the transport provider), corresponding to the delay in departure that You would have experienced had You waited for the earliest

replacement travel arrangements offered by Your original transport provider, in the event that You choose to make earlier alternative travel arrangements.”

The table of benefits confirms the sum insured for travel delay benefit is “£10 per 12 hours up to £100.”

Mr and Mrs D were due to fly back on Friday 16 September but that flight was cancelled. The next available flight with their airline wasn't until the following Wednesday. And so they booked alternative transport home on the following day.

Great Lakes settled the claim based on the date Mr and Mrs D returned to the UK. But it should have calculated the benefit based on the date of the next available flight, being the following Wednesday. So Mr and Mrs E are entitled to more than £20 each under the terms of the policy, as set out above.

In addition, Great Lakes accepted it took too long to settle the claim for which it offered £50 compensation. I agree that this is reasonable and should be paid if it hasn't already been paid.

My final decision

For the reasons set out above, I direct Great Lakes Insurance SE to:

- Calculate and pay the claim (up to the maximum travel delay benefit of £100 each) from the time of the original return flight to the next available flight (on the following Wednesday).
- Add 8% simple interest on the amount due, from the date the claim was originally made, to the date the amount is paid.
- Pay £50 compensation if this hasn't already been paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs D to accept or reject my decision before 5 July 2023.

Shamaila Hussain
Ombudsman