

The complaint

Mrs and Mr W complain that Great Lakes Insurance SE declined their travel insurance claim. My references to Great Lakes include its agents.

What happened

On 24 January 2022 Mr W took out a single trip travel insurance policy for himself and his wife, the relevant part of the policy was insured by Great Lakes. The policy cover started on 9 April 2022 and ended 16 April 2022.

The policy was to cover a trip abroad with family. In February 2022 Mrs and Mr W's adult daughter, who was also going on the trip, was diagnosed with cancer so the trip was cancelled. Mrs and Mr W claimed for their unused flight costs.

Great Lakes declined the claim for two reasons. First, it said the policy only covered trip cancellation if the illness causing the cancellation was unforeseen. Mrs and Mr W daughter's medical certificate from her GP showed her initial consultation in relation to the illness was 19 January 2022 and as Mrs and Mr W bought their policy after that date Great Lakes said it could reasonably consider that the cancellation due to the illness could have been foreseen. Second, as Mrs and Mr W selected to start the policy from 9 April 2022 and the trip was cancelled before that date there was no policy cover when the trip was cancelled anyway.

Mrs and Mr W complained to us saying they didn't foresee their daughter's diagnosis and having to cancel the trip. They want Great Lakes to pay their claim.

Our investigator said Great Lakes had unfairly declined Mrs and Mr W's claim and recommended it pay the claim plus interest.

Great Lakes disagrees and wants an ombudsman's decision.

I'm very sorry to read that Mrs and Mr W's daughter passed away.

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 rules and industry guidance say that insurers should handle claims promptly and fairly and shouldn't unreasonably reject a claim.

I uphold this complaint as I think Great Lakes unreasonably declined the claim. I'll explain why.

Great Lakes' final response letter said there was no cancellation cover in place as Mrs and Mr W had selected their policy to start from 9 April 2022 and the cancellation happened before the policy started. Great Lakes can't correctly decline the claim on that basis. Mrs and Mr W bought a single trip policy on 24 January 2022 and the policy certificate says:

'Cancellation cover for a single trip policy will begin immediately after booking your policy'.

The trip was cancelled after 24 January 2022 so cancellation cover was in place at the time the trip was cancelled.

The policy terms say under the cancellation section that Great Lakes will pay up to the relevant policy limits:

'per insured person for your non-refundable deposits and amounts you have paid (or you are contracted to pay), for your travel and accommodation...because of the following:

a) you, a close relative, travelling companion...suffers unforeseen illness, injury or, death'.

Great Lakes says as Mrs and Mr W's daughter's initial consultation for the condition was 19 January 2022, which was five days before they bought the policy, the illness must have been foreseen. But Mr W has told us he first became aware of his daughter's illness after her diagnosis, which the medical certificate says wasn't until 11 February 2022, after they bought the policy.

The medical certificate also says:

- Mrs and Mr W's daughter had no previous history of cancer or a related condition.
- At the date of the policy their daughter wasn't waiting for any inpatient treatment or on a waiting list for treatment and at the date the policy was taken out she was fit to travel.
- If the patient wasn't travelling, the *'travelling person'* couldn't have *'foreseen or anticipated any possibility'* that the medical condition could have caused cancellation of the trip either when the trip was booked or when the policy was taken out.

I'm satisfied that the medical evidence I've seen supports Mr W's evidence that their daughter's illness was unforeseen to them when they bought the policy. Our investigator asked Great Lakes if it had any evidence to support its belief that Mrs and Mr W's daughter illness was foreseen at the relevant time and it hasn't provided any other evidence.

Based on the evidence I've seen I don't think Great Lakes has shown it reasonably concluded that the trip cancellation happened because of Mrs and Mr W's daughter's foreseen illness. I'm satisfied that an insured event occurred - the cancellation of the trip due to an unforeseen illness of a close relative and travelling companion.

Putting things right

Great Lakes must pay Mrs and Mr W's claim plus interest as I've detailed below.

My final decision

I uphold this complaint and require Great Lakes Insurance SE to pay Mrs and Mr W's claim plus interest* at 8% simple from the date of claim to the date of settlement.

*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 Mrs and Mr W how much it's taken off. It should also give Mrs and Mr W 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 Mrs W and Mr W to accept or reject my decision before 24 July 2023.

Nicola Sisk
Ombudsman