

The complaint

Mr and Mrs Y complain that Great Lakes Insurance SE has turned down a claim they made on a travel insurance policy.

What happened

The background to this complaint is well-known to both parties, so I've simply set out a summary of what I think are the key events.

Mr and Mrs Y were on holiday abroad. As part of their trip, they intended to stay in a relative's motorhome on a campsite. Unfortunately, the motorhome needed urgent repairs and was taken to a garage. This meant Mr and Mrs Y were left with nowhere to stay for this part of their trip.

So they called Great Lakes to explain what had happened and to check what cover they had. The call handler told Mr and Mrs Y that they had up to £1000 of cover and that they could make a claim for their expenses at a later date. Mr and Mrs Y arranged hotel accommodation for two nights at a cost of around £822. They made a claim for the costs they incurred.

Ultimately, after a prolonged claims process, Great Lakes turned down Mr and Mrs Y's claim. It said the policy didn't cover Mr and Mrs Y's situation.

Mr and Mrs Y were unhappy with Great Lakes' decision and with the way it had handled their claim. So they asked us to look into their complaint.

Our investigator considered the policy terms and didn't think Mr and Mrs Y's situation had been covered. He listened to the call between Great Lakes and Mr and Mrs Y. He didn't think the call handler had explicitly told Mr and Mrs Y that their claim would be covered, but he felt Great Lakes should have been clearer. And he said he understood why Mr and Mrs Y had been under the impression that they'd be covered.

However, he didn't think it would be fair to ask Great Lakes to pay Mr and Mrs Y's claim, as he considered that they'd always have needed alternative accommodation. In the circumstances, he felt it would be fair for Great Lakes to pay Mr and Mrs Y £200 compensation.

Great Lakes accepted the investigator's recommendations. But Mr and Mrs Y didn't. Briefly, they said they'd correctly explained their situation to Great Lakes and had been explicitly told that they had £1000 available for emergency accommodation. They told us that the area they'd been staying in was very busy at that time of year and that they'd needed air conditioning. The hotel they'd booked was the only one with air conditioning. They were unhappy with the way Great Lakes had handled their claim and with the conflicting information they'd been given. And they said that if Great Lakes hadn't wrongly told them that the claim would be covered, they'd have made a claim through their relative's insurance policy.

The complaint's been passed 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, whilst I'm very sorry to disappoint Mr and Mrs Y, I think the fair outcome to this complaint is for Great Lakes to pay them £200 compensation and I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So I've considered, amongst other things, the terms of Mr and Mrs Y's policy and the call they had with Great Lakes, to decide whether Great Lakes treated them fairly.

I've first considered the policy terms and conditions, as these form the basis of Mr and Mrs Y's contract with Great Lakes. During the call, the claims handler referred to the 'Additional Overseas Accommodation and Repatriation Cover' section of the policy which is set out on page 33. This says that Great Lakes will provide cover of up to £1000 for additional accommodation (up to the standard of a policyholder's original booking) if a policyholder can't use their booked accommodation due to one of the following:

'terrorist event, fire, flood, earthquake, explosion, tsunami, landslide, avalanche, volcanic eruption, snow, hurricane, storm or an outbreak of food poisoning affecting your accommodation or resort.'

This section of the policy only applies if a policyholder has taken out the travel disruption extension add-on and paid an additional premium. I've looked at Mr and Mrs Y's policy certificate and it doesn't appear that they took out or paid for this cover. In any event though, damage to or breakdown of a motorhome isn't something which would be covered by this section of the contract. And I've carefully checked the remaining sections of the policy Mr and Mrs Y had taken out and paid for. But I can't see any section which would provide cover for the situation in which Mr and Mrs Y found themselves. So I don't think it was unfair or unreasonable for Great Lakes to conclude that the claim wasn't covered.

It's clear though that Mr and Mrs Y feel strongly that given the information they were given on the call; their costs should be met. Like the investigator, I've listened to the call. I acknowledge that Mr and Mrs Y did clearly explain their situation and that they were calling to get authorisation to arrange alternative accommodation. I also acknowledge that the call handler effectively simply told them that there was up to £1000 worth of cover and that Mr and Mrs Y could pay for their accommodation and claim at a later date.

I don't think Mr and Mrs Y were given an explicit assurance that any claim would be paid – as Great Lakes would need to assess any claims documentation in line with the policy terms once a formal claim had been submitted. But like the investigator, I can entirely understand why they left the call believing that their claim would be covered. In my view, the call handler ought to have clearly explained that the Additional Overseas Accommodation and Repatriation Cover would only apply if a policyholder had taken out the travel disruption extension. And I think they could have been clearer about the cover available under that section of the policy and the way it worked. So I think there was a clear failing here.

Accordingly, I need to go on to consider how I think Great Lakes should put things right. In order for me to reasonably conclude that Great Lakes should pay Mr and Mrs Y's claim, I'd need to be satisfied that it's more likely than not that they'd have acted differently if they'd been given clearer information about the cover they had. Based on the information I've seen,

on balance, I don't think they would. Given they could no longer stay in their relative's motorhome, Mr and Mrs Y would always have needed to arrange alternative accommodation. They've told us that given the time of year, the area in which they were staying was very busy and expensive – especially as they required air conditioning. They also said that the hotel they booked was the only one nearby with air conditioning. As such then, it seems to me that even if Great Lakes *had* told Mr and Mrs Y that their circumstances were unlikely to be covered, they'd still have most likely had to book the same hotel and incur the same costs. This means that I don't think they've been financially prejudiced as a result of the lack of clarity in the information Great Lakes gave them.

Overall then, despite my natural sympathy with Mr and Mrs Y's position, I don't think it was unfair or reasonable for Great Lakes to turn down their claim. Mr and Mrs Y have also said that if they'd been told upfront that their claim wasn't covered, they'd have claimed on their relative's insurance policy. It remains open to them to make a claim on their relative's policy should they wish to do so, although I can't comment on whether such a claim would be successful.

Nonetheless, I do think Mr and Mrs Y have been caused some trouble and upset as a result of the way Great Lakes handled their claim. I don't think their expectations were properly managed by the call handler and I don't doubt how disappointed and frustrated they were when they learned that their claim wasn't covered. It's clear too that the submitted claim wasn't handled as smoothly as it should have been and that Mr and Mrs Y were given conflicting information about the outcome of their claim. Again, I think this added to Mr and Mrs Y's overall distress and inconvenience. So in all the circumstances, I think an award of £200 compensation is fair, reasonable and proportionate. I was pleased to note that Great Lakes has now agreed to pay this award.

My final decision

For the reasons I've given above, my final decision is that I uphold this complaint in part.

I direct Great Lakes Insurance SE to pay Mr and Mrs Y £200 compensation,

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y and Mrs Y to accept or reject my decision before 30 August 2023.

Lisa Barham
Ombudsman