

The complaint

Ms E and Mr E are unhappy that Great Lakes Insurance SE didn't settle their claim in full and with the service they received.

What happened

Mr E booked a holiday for himself and Ms E in February 2022. They were due to stay at two different properties in the UK in early June 2022. At the same time Mr E took out two single trip insurance policies to cover each of the accommodation bookings.

In March 2022 Ms E identified a lump on her breast and saw her GP the following day. She was referred to a consultant and was subsequently diagnosed with breast cancer in April 2022. The medical evidence confirms that Ms E had noticed the lump three weeks before this appointment, so some time after the policy was taken out.

At that time Mr E and Ms E planned to continue with their bookings as there was no medical advice suggesting she shouldn't go away. Ms E started treatment and then was admitted to hospital with an infection. In late May 2022, shortly before their holiday was due to begin, the consultant advised her to not travel.

Mr E claimed on the travel insurance policies. Great Lakes partially settled the claims and Mr E made a complaint. Great Lakes said in their final response letter that there had been an error when assessing the claim but the decision to settle the claim in part was ultimately correct. They said Ms E hadn't told them about the change in her health as required by the policy terms and conditions. So, they still thought a partial settlement of the claim was fair.

Our investigator looked into what had happened and upheld the complaint. He thought that Ms E ought to have disclosed her change in health to Great Lakes. But, he didn't think Great Lakes had provided evidence to show that they wouldn't have offered cover or would have done so on different terms. So, he recommended the cancellation claim should be covered in full. He also awarded £100 compensation for the poor service Ms E and Mr E received, including them having to re-send information about Ms E's diagnosis.

Ms E and Mr E accepted the investigator's recommendation, but Great Lakes didn't reply. So, the case was passed to me to make a decision.

In June 2020 I issued a provisional decision. I said:

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 guidelines say that Great Lakes has a responsibility to handle claims promptly and fairly. And, they shouldn't reject a claim unreasonably.

I think the policy terms make it clear that Ms E needed to let them know about a change in her health between the date the policy was taken out and the date the

holiday is due to begin. It says that if the policyholder doesn't take appropriate action then the claim may be rejected or not fully paid. This information is set out on pages three and twelve of the policy document. However, I'm upholding this complaint for the reasons I'll go on to explain.

Ms E was referred to the breast clinic who confirmed the presence of two lumps on 6 April and advised that they'd need to see her for biopsy results. On 20 April a consultant confirmed that the lumps were cancerous and discussed treatment options. A further appointment took place on 28 April. At that point in time Ms E was still planning to travel and there was no medical advice to say that she shouldn't. The full balances for the trips were paid on the 22 and 29 April following the appointments with the consultants.

It's not in dispute that Ms E couldn't have declared her condition at the point the policies were taken out in February 2022. She didn't identify the lump until weeks later and saw her GP the next day. That's consistent with the medical evidence from 6 April 2022 which says she had a 'three week history of tender left breast lump'. So, for the avoidance of doubt, I don't think there was any failure to disclose the condition at the point the policy was taken out based on the evidence that's available.

I've gone on to think about when Ms E ought to have disclosed her change in health to Great Lakes. I recognise that at this time Ms E was dealing with a significant life event and medical diagnosis – it's reflected in the medical evidence from the consultant that she was, understandably, upset and worried.

I do think Mr E or Ms E ought to have contacted their insurer after receiving the cancer diagnosis and before travelling on their holiday. That's what the policy terms required them to do. But I've also taken into account what is fair and reasonable in all the circumstances of this case.

Great Lakes required Ms E to take 'appropriate action' and there is no specific requirement they've highlighted which says she should contact them before paying the final balance. I bear in mind that the final balances were both paid within around a week of the appointments confirming the diagnosis and the medical advice was that Ms E didn't need to cancel her break.

The information Great Lakes has provided is also somewhat contradictory on what Ms E would have been told if she'd contacted Great Lakes for advice before paying the balance. They said they would have declined to cover the new condition and told Ms E to come back to them when her investigations and treatment were complete. And they said that if she'd told them she'd still intended to travel they'd have informed her she'd need to seek cover elsewhere.

But they also said that where a consumer asks what they should do, pay the balance or cancel, they would have advised them to discuss the matter with their GP or consultant. If the medical advice on the date that the final balance is due is not that the policyholder should cancel, then they should pay the final balance safe in the knowledge that they have insurance cover. And, if the medical advice changes after that date, the policy should respond positively. The same information goes on to say that it isn't an immediate requirement to notify of the change in health.

Based on the evidence I have been provided with there was no suggestion that Ms E shouldn't travel at the point the balance was paid in full. The fact that the balances were paid just after the medical appointments further suggests Ms E sought guidance from the consultant before finalising her travel plans. So, applying the information

outlined above, had she contacted Great Lakes to let them know about the change in health it seems likely to me she'd have paid the final balance as she was expecting to travel.

In any event, I think there are other reasons to uphold this complaint, based on the evidence that's been made available so far. Our investigator has repeatedly asked for evidence and underwriting information to show that Great Lakes wouldn't have offered Ms E a policy due to her change in health. Great Lakes hasn't provided that information. However, they did provide some commentary which says:

We have the functionality to medical screen pre-existing medical condition(s), but only when travelling outside of the UK. We therefore would not have accepted them for cover, even if they had tried to declare their pre-existing medical conditions.

This suggests to me it's most likely that Ms E's new condition couldn't be screened due to screening functionality. That's consistent with what Great Lakes has said about not being able to offer cover for Ms E if she'd told them about her new condition.

It seems most likely Ms E would not have been able to be covered for any new condition she declared. She was travelling within the UK and so would have been able to access medical treatment via the NHS. In my view, the main benefit of the policies for Mr E and Ms E would have been to offer cover for cancellation of their trip, which was limited to the accommodation they were booking.

Ms E wouldn't have known that she couldn't get cover for any new condition she declared if she was travelling within the UK, as opposed to abroad. Mr E and Ms E were going on a UK holiday, covered by two single trip policies purchased alongside booking the two cottages. I don't think this limitation of the policy was clear or transparent in the policy terms and I think it was a significant limitation in cover.

In reaching this conclusion I bear in mind that these policies were sold alongside the bookings for each of the cottages, which were both in the UK. As the policy terms prompted Ms E to contact Great Lakes about new conditions, even if she was planning to travel in the UK, I think she would reasonably have expected to be able to obtain cover for at least some new conditions as that's the impression the policy terms give. Given the circumstances it seems unlikely Mr E and Ms E would have taken out this particular policy if this had been made clear within the policy terms as it would have been of limited benefit to them given the circumstances of their bookings.

Mr E didn't receive the updates he was due to receive from Great Lakes. It's also accepted by Great Lakes in their final response letter that the incorrect reasoning for declining the claim was given initially. Mr E also had to resend information about the diagnosis. So, I think this caused them worry and frustration at an already worrying time. I think Great Lakes should therefore pay £100 to reflect the distress and inconvenience caused.

Putting things right

I'm intending to direct Great Lakes needs to put things right by paying:

- The cancellation costs in full, subject to the relevant remaining terms and policy limits

- £100 for the distress and inconvenience caused by poor customer service.

Mr E and Ms E acknowledged they'd received my provisional decision and didn't add any further comments. Great Lakes accepted my provisional 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.

Great Lakes, Mr E and Ms E didn't make any further comments or provide any further evidence. So, there's no reason for me to reach a different decision to my provisional decision.

I'm upholding this complaint for the reasons I've outlined above and in my provisional decision.

Putting things right

Great Lakes needs to put things right by paying:

- The cancellation costs in full, subject to the relevant remaining terms and policy limits
- £100 for the distress and inconvenience caused by poor customer service.

My final decision

I'm upholding Mr E and Ms E's complaint about Great Lakes Insurance SE and direct it 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 E and Ms E to accept or reject my decision before 26 July 2023.

Anna Wilshaw
Ombudsman