

## **The complaint**

Mr C and Miss H complain that Great Lakes Insurance SE won't pay their travel insurance claim and about its service.

## **What happened**

Mr C and Miss H had a single trip travel insurance policy, Great Lakes was the insurer. Their flight from a UK airport to Frankfurt airport was delayed due to a shortage of cabin crew staff. Due to the delay they missed their connecting flight from Frankfurt to an Asian country which resulted in a 24 hour delay until they could take the next flight to the Asian country. Mr C and Miss H's luggage didn't arrive until the day after they arrived in the Asian country so they say they were without their luggage for three days.

Mr C and Miss H claimed on the policy for an unused night's accommodation, additional expenses incurred whilst waiting for the flight to the Asian country and for the additional expenses incurred due to the delayed luggage.

Great Lakes declined the travel delay claim. It said the policy didn't cover the circumstances of Mr C and Miss H's delay. It accepted Mr C and Miss H's concerns that it delayed in assessing the claim and apologised. It made no comment on the delayed baggage claim.

Mr C and Miss H complained to us. In summary they said:

- Great Lakes wasn't fair to say the policy didn't cover the claim. Travel insurance was there to cover their situation and losses. They want Great Lakes to pay the claim.
- Great Lakes gave poor customer service. They made the claim on 1 August 2022 and complained on 30 September due to the lack of response but Great Lakes only gave a final response on 17 November 2022.

Our investigator said Great Lakes had unfairly declined the travel delay claim and hadn't commented on the baggage delay claim. She recommended it reassess the travel delay claim, assess the baggage delay claim within four weeks and pay interest on any settlement. She also recommended Great Lakes pay Mr C and Miss H £100 for their distress and inconvenience due to its poor service.

Mr C and Miss H accepted our investigator's recommendation. Great Lakes didn't respond so the complaint came to me to decide.

Before I made my provisional decision I asked Great Lakes to send us the Insurance Product Information Document (IPID), which gives a summary of the main coverage and exclusions in the policy, which Great Lakes provided.

## **What I provisionally decided – and why**

I made a provisional decision that I was intending to uphold the complaint. I said:

'The relevant regulator's rules say that insurers must handle claims promptly and fairly. And they mustn't turn down claims unreasonably.'

I'm intending to uphold this complaint but for different reasons than our investigator gave, with a slightly different outcome.

Mr C and Miss H say travel insurance must cover the unfortunate situation they were in when they travelled. But travel insurance doesn't cover every situation a consumer may find themselves in. The policy terms and conditions set out the events and risks an insurer wants to insure and the insurer needs to apply those terms fairly and reasonably.

The claim Mr C and Miss H made relates to two separate sections of their policy.

The 'Travel delay and abandonment' section of the policy is relevant to their claim for travel delay. That section 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:*

- 1. Adverse weather conditions (but not those defined as a Catastrophe).*
- 2. Strike or Industrial Action.*
- 3. Mechanical breakdown of the Public Transport on which You are booked to travel.*
- 4. Cancellation by the transport provider of Your scheduled pre-booked international flight, ferry, train or coach'.*

Great Lakes said the policy didn't cover the circumstances of Mr C and Miss H's travel delay claim. Our investigator said there was cover under the policy as in effect the scheduled flight from the UK had been cancelled.

I don't think the policy terms do cover the circumstances of the claim. The policy says there's cover for *'unavoidable delay in departure of at least 12 hours from Your original scheduled departure time from **Your first departure point** (my emphasis) on Your outward journey'*. The claim form Mr C and Miss H completed said the delay at the UK airport was only 1 hour and 5 mins. As the UK airport was the 'first departure point' on the outward journey the relevant delay for the policy cover was under 12 hours.

Mr C and Miss H's 24 hours delay was with the connecting flight at Frankfurt. As that delay wasn't at the first departure point for Mr C and Miss H's outward journey I think Great Lakes was correct to say there's no cover for the travel delay claim under the policy terms.

But I also have to consider what's fair and reasonable. We think the limitation for travel delay cover to just the first departure point is a significant restriction on cover which should be clearly highlighted in the policy documentation. That's because it's common for travellers to use connecting flights so the restriction should be made sufficiently prominent to a consumer.

I've haven't seen any evidence that the restriction on the travel delay cover was clearly highlighted to Mr C and Miss H in the IPID or the policy document. I think that disadvantaged Mr C and Miss H as they only bought this single trip policy to cover this one trip. If the restriction on the cover had been clearly highlighted I think it's probable they would have bought another policy which would have covered delays for connecting flights as they knew they had connecting flights for this trip.

As I haven't seen any evidence that the restriction on cover was clearly highlighted to Mr C and Miss H I don't think it's fair for Great Lakes to use that restriction on cover to decline the claim.

Great Lakes has also said that the policy doesn't cover flight delay due to staff shortages. It's correct in saying that the policy doesn't specifically cover delays due to staff shortages. But I think in these circumstances it would be fair and reasonable for Great Lakes to consider that the scheduled flight from the UK airport was in effect cancelled by the airline, which is covered.

Great Lakes should reassess the claim for travel delay, without reference to the restriction that the delay has to be at the first departure point, and subject to the remaining policy terms and conditions. The policy sets out the benefits and costs that are covered under the travel delay section so it's fair to tell Mr C and Miss H that everything they claimed for may not be covered.

The 'Baggage delay on outward journey section' of the policy is the section relevant to Mr C and Miss H's baggage delay claim. The section says:

*'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 the delayed arrival of Your baggage by at least 12 hours, and for each subsequent 12 hours, after Your actual arrival time on Your outward journey.'*

*What is covered*

*'The reasonable cost of buying essential clothing, toiletries and similar items'.*

Great Lakes didn't comment on whether or not it would accept Mr C and Miss H's baggage delay claim. Our investigator recommended that it reassess the claim within four weeks of that recommendation. The four weeks passed some time ago and I've seen no evidence that Great Lakes has reassessed the claim.

I think from what Mr C and Miss H have said that they didn't receive their baggage until at least 12 hours after they arrived in the Asian country. So I think an insured event under this policy section happened. Given Great Lakes' delay in assessing the baggage delay claim it's reasonable for me to say it should pay the claim subject to the policy terms and conditions, plus interest as I've detailed below.

As to Great Lakes' service, Mr C and Miss H are unhappy with Great Lakes' delay in assessing their claim. Great Lakes received the claim on 3 August 2022 and responded declining the travel delay claim on 2 September 2022. Great Lakes apologised that it hadn't assessed the claim as quickly as it would have wanted to, which I think was a reasonable response. I wouldn't generally award compensation for an insurer taking a month to make a claim assessment.

However, Great Lakes didn't make any assessment of the baggage delay part of the claim and to my knowledge still hasn't done so and it's had that claim for nearly twelve months. I think £100 compensation is a reasonable amount to acknowledge Mr C and Miss H's distress and inconvenience due to Great Lakes' overall unfair delay in handling their claim'.

## **Responses to my provisional decision**

Mr C and Miss H accepted my provisional decision. Great Lakes accepted it should pay the baggage delay claim as I'd detailed and the £100 compensation for Mr C and Miss H's distress and inconvenience. But it didn't accept that it should reassess the travel delay claim. It said the wording in the travel delay and abandonment section on page 38 of the policy (which I've set out above) was clear that only delay from the first departure point was covered and there's no mention of cover for delay in connecting flights. Mr C and Miss H

could have cancelled the policy in the 14 days cooling off period if they didn't think it was suitable. Also the delay was due to airline staff shortages which the policy didn't cover.

### **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 has accepted it will pay Mr C and Miss H's baggage delay claim as I've detailed and £100 compensation. Its response as to why it shouldn't reassess the travel delay claim hasn't changed my mind that it should. I don't consider that the policy wording at page 38 in a 72 page policy document sufficiently clearly highlighted the significant restriction on the travel delay cover to Mr C and Miss H. So I don't think it's fair for Great Lakes to use that restriction on cover to decline the claim. And as I've explained above, while the policy doesn't specifically cover delays due to airline staff shortages, in these circumstances I think it would be reasonable for Great Lakes to consider that the scheduled flight from the UK airport was in effect cancelled by the airline, which is covered.

For the reasons I've given in my provisional findings and these findings I uphold this complaint. Great Lakes must put things right as I've detailed below.

### **Putting things right**

Great Lakes must: reassess Mr C and Miss H's claim for travel delay, without reference to the restriction that the travel delay has to be at the first departure point, and subject to the remaining policy terms and conditions; pay Mr C and Miss H's baggage delay claim subject to the policy terms and conditions, plus interest as I've detailed below; pay Mr C and Miss H £100 compensation to acknowledge their distress and inconvenience due to its unfair handling of their claim.

### **My final decision**

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

- Reassess Mr C and Miss H's claim for travel delay, without reference to the restriction that the travel delay has to be at the first departure point, and subject to the remaining policy terms and conditions, and
- Pay Mr C and Miss H's baggage delay claim subject to the policy terms and conditions, plus interest\* at 8% simple a year from the date of claim to the date of settlement, and
- Pay Mr C and Miss H £100 compensation to acknowledge their distress and inconvenience due to its unfair handling of their claim.

\*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 C and Miss H how much it's taken off. It should also give Mr C and Miss H 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 C and Miss H to accept or reject my decision before 21 August 2023.

Nicola Sisk

**Ombudsman**