

The complaint

Mr and Mrs M complain that Great Lakes Insurance SE hasn't paid a claim under their travel insurance policy.

What happened

Mr and Mrs M had an annual multi-trip travel insurance policy that covered them between 15 December 2021 and 14 December 2022. The insurer was Great Lakes.

Mr and Mrs M had booked a trip abroad between 13 and 23 January 2022. They travelled as planned, but upon arrival on 14 January 2022, Mr M tested positive for Covid-19. So, both Mr and Mrs M had to self-isolate for 10 days in their accommodation. Mr M wasn't cleared to end the isolation by the country's health authorities until 24 January 2022, so Mr and Mrs M had to extend their trip by two days. They returned to the UK on 25 January 2022. The airline allowed them to reschedule the flights at no additional cost.

Great Lakes paid for half of Mr and Mrs M's additional accommodation costs. It said this was because only Mr M had Covid-19. Great Lakes also paid for the additional parking fees incurred, and a £20 per day Covid-19 self-isolation benefit. But Mr and Mrs M say this isn't enough because their holiday was effectively cancelled. They want Great Lakes to reimburse the full cost of their holiday.

One of our investigators looked into what had happened. Having done so, he thought that Mr and Mrs M's holiday was effectively curtailed from the date Mr M tested positive for Covid-19. And he thought it would be fair and reasonable for Great Lakes to treat Mr and Mrs M's claim as covered under the curtailment section of the policy.

Mr and Mrs M were happy with our investigator's findings, but Great Lakes didn't respond. As no agreement was reached, the complaint was passed to me to decide. I then issued my provisional findings in July 2023. Here's what I said:

"Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of Mr and Mrs M's complaint.

Firstly, as our investigator explained, Mr and Mrs M's cancellation cover ended once they started their journey. So, I don't think it would be fair or reasonable for me to ask Great Lakes to consider their claim under the cancellation section of the policy as Mr and Mrs M had started their journey.

Great Lakes considered Mr and Mrs M's claim under the Covid-19 section of the policy. I've looked to see if this was fair and reasonable.

The Insurance Product Information Document ('IPID') says the following, on page 1 under the heading "What is not insured?":

“Covid-19, or any related/mutated form of the virus. Unless cover is specified within the policy wording.”

And the “General Exclusions” section of the terms and conditions of the policy has the following exclusion:

“Claims arising from, or related to any coronavirus including but not limited to COVID-19, or any related/mutated form of the virus unless specifically listed as covered by this policy”.

Having considered both the above policy documents, I think Great Lakes has acted fairly and reasonably by considering Mr and Mrs M claim under the specific “COVID-19 Cover” section of the policy, as this section is where there’s specific cover for circumstances relating to Covid-19.

The “COVID-19 Cover” section for “Emergency Medical and Repatriation expenses” says that:

“We will pay up to the amount shown in the table of benefits under section 3a Emergency Medical & Repatriation expenses for each insured person who contracts COVID-19, as proven by a medically approved test showing a positive result for COVID-19, during an insured trip outside the United Kingdom for the following:

[...]

d) additional travel and accommodation costs as authorised by our Assistance Company up until our Medical Officer advises that you can be repatriated home.

[...]

e) a benefit payment of £20 per complete 24 hour period up to £300 where you are ordered into self-isolation in your holiday accommodation by a relevant Government authority, as a result of you contracting COVID-19.”

I think these are the terms that apply to Mr and Mrs M’s situation, and under which Great Lakes has paid their claim. Great Lakes has only paid half of the additional accommodation costs, as the above terms only provide cover for the insured person who contracted Covid-19 – which was Mr M. I think Great Lakes has settled this part of the claim fairly and reasonably in the circumstances.

But I note that the next section of the Covid-19 provides cover for “Cutting Short Your Trip” (curtailment) and covers the following:

“We will pay you up to the amount shown in the table of benefits for either Section 1. Cancellation, or Section 2. Cutting Short Your Trip per insured person for any irrecoverable unused travel and accommodation costs (and other prepaid charges) which you have paid or are contracted to pay [...] where you have to Cut short your trip as a result of:

- a) the death as a result of COVID-19, of a close relative or a member of your household living in the United Kingdom.*
- b) the hospitalisation as a result of COVID-10 for treatment with mechanical ventilation, of a close relative or a member of your household living in the United Kingdom.*

- c) *you are unable to continue with a pre-booked excursion following your self-isolation as ordered by a relevant Government authority due to contracting COVID-19, up to a maximum of £350 for all excursions."*

Great Lakes has said that Mr and Mrs M didn't cut short their trip, and therefore, the above cover doesn't apply to them. However, I think it's clear that the above term c) covers the exact situation that Mr M was in. So, I currently think Great Lakes should reassess this part of Mr and Mrs M's claim (pre-booked excursion costs) in line with the remaining terms of the policy.

But unlike our investigator, I don't currently think it would be fair or reasonable for me to ask Great Lakes to step outside the terms and conditions of the policy and pay a claim for curtailment. I understand that Mr and Mrs M's trip was, in their mind, cut short. There are certain, exceptional situations where I might consider that it would be fair and reasonable for an insurer to consider a policyholder's trip as having been 'in effect' curtailed where they've been forced to isolate in their accommodation.

But travel insurance policies don't cover loss of enjoyment and I don't think it would be fair or reasonable to direct Great Lakes to step outside of a strict application of the policy wording in circumstances such as this. This is because the circumstances that Mr and Mrs M found themselves in are specifically covered by the Covid-19 policy terms as I've set out above, and Great Lakes has already paid for part of the extended accommodation costs."

Great Lakes said it accepted my provisional decision. Mr and Mrs M didn't, and in summary, they said the following:

- As Great Lakes didn't contest the investigator's findings, I could infer that it was happy to accept these;
- Mrs M should receive the £20 per day benefit as well as she had been instructed to self-isolate too;
- The room charge applied to the room and Mr M would've had to pay the same amount even if he'd been there alone;
- Their "Cancellation Cover" was invoked once they landed abroad and they had to self-isolate, and the holiday never commenced.

As both parties have now had the opportunity to comment on my provisional findings, I'm issuing my 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.

Firstly, it's clear this was a frustrating situation for Mr and Mrs M and their family. It must have been so disappointing to go on a holiday yet not actually be able to enjoy it due to having to self-isolate. Especially when Mr M has said he believes his Covid-19 test results were mixed with another traveller. But whilst I sympathise with Mr and Mrs M, my role is to remain impartial and reach a decision that's fair and reasonable to both parties.

Great Lakes didn't comment on the investigator's findings, but it also didn't accept them. Great Lakes did correspond with us to explain how it had settled the claim and why. So, I looked to see if it had done so in line with the terms of the policy, as well as fairly and reasonably.

I quoted the relevant terms on the self-isolation benefit, and this clearly says it's payable when the policyholder is ordered into self-isolation "*as a result of you contracting COVID-19*". As Mrs M didn't contract Covid-19, I don't think Great Lakes acted unfairly by not paying her the benefit as well.

Mr and Mrs M's flights and accommodation were booked as a package for both of them. And when they extended their stay, they extended the accommodation booking for both. But the policy only covers "*expenses for each insured person who contracts COVID-19*". So, as the booking was for both Mr and Mrs M, and only Mr M contracted Covid-19, I think Great Lakes acted fairly by only paying half of the room cost.

As I explained in my provisional decision, Mr and Mrs M's cancellation cover ended when they started their journey. The policy says this cover ends when the policyholder starts their trip, and a trip begins when the policyholder leaves home. Home is defined as the policyholder's principal place of residence. So, Mr and Mrs M's cancellation cover ended as soon as they left their home. I also explained in my provisional decision why I didn't think it would be fair and reasonable for me to ask Great Lakes to consider Mr and Mrs M's trip as having been effectively curtailed either, in the circumstances of this complaint.

Having considered everything again, I've reached the same findings as I did in my provisional decision, and for the same reasons. Overall, I think Great Lakes acted fairly and reasonably when it settled Mr and Mrs M's claim under the Covid-19 section of the policy in the way that it did – except for the pre-booked excursion costs, for the reasons I explained in my provisional decision. So, Great Lakes should now reassess this part of Mr and Mrs M's claim.

My final decision

My final decision is that I uphold Mr and Mrs M's complaint in part, and direct Great Lakes Insurance SE to reassess their claim for pre-booked excursions in line with the remaining terms and conditions of the policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 24 August 2023.

Renja Anderson
Ombudsman