

The complaint

Mr O and Ms M complain about the way that Great Lakes Insurance SE handled a curtailment claim they made on a travel insurance policy.

All references to Great Lakes include the actions of its claims handler.

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 O and Ms M took out an annual travel insurance policy in February 2022. In September 2022, they were abroad on holiday. Unfortunately, they learned that a close relative was receiving palliative care and sadly, a short time later, they were told that their relative had passed away. They cut short their holiday and returned to the UK. In October 2022, they sent Great Lakes a curtailment claim form, along with accompanying evidence.

It took around six weeks for Great Lakes to acknowledge Mr O and Ms M's claim. It later let Mr O and Ms M know that it didn't think the medical certificate - which had been completed by their relative's GP - was sufficient or provided the information it needed to allow it to assess the claim. So it asked Mr O and Ms M to ask the GP to complete the certificate with specific reference to Mr O and Ms M's relative's medical history. Mr O and Ms M explained that the GP had completed the form in line with the GP's interpretation of the medical questions and asked Great Lakes if it could provide them with either targeted questions for the GP, or if it could write to the GP directly.

In January 2023, Mr O and Ms M complained about the way Great Lakes had handled their claim. Great Lakes issued a final response to the complaint in March 2023, explaining that the complaint had been upheld and acknowledged that Mr O and Ms M had experienced unacceptable delays.

Regardless, Great Lakes let Mr O and Ms M know that it couldn't proceed with the claim until it had the relevant information from the GP. In May 2023, Great Lakes wrote to the GP directly to ask for the information it needed. The GP responded in mid-June 2023 and the claim was authorised and partly settled at that point.

Mr O and Ms M had remained unhappy with Great Lakes' handling of their claim and so they asked us to look into their complaint.

Our investigator didn't think the complaint should be upheld. Briefly, she felt it had been Mr O and Ms M's responsibility to provide enough evidence to show they had a valid claim. And she considered that Great Lakes had clearly and consistently told Mr O and Ms M what information it needed.

I issued a provisional decision on 10 August 2023, which explained the reasons why I didn't think Great Lakes had handled Mr O and Ms M's claim fairly. I said:

'First, I'd like to offer my sincere condolences to Mr O and Ms M for the sad loss of their relative. I don't doubt what an upsetting and difficult time this has been for them. It's also important that I make it clear that this decision will only consider Great Lakes' overall handling of the claim. I understand Mr O and Ms M are unhappy with the settlement they've ultimately been paid. Before we can potentially look into that issue though, Great Lakes must be given an opportunity to consider that particular complaint and issue a final response. Mr O and Ms M can let our investigator know if they'd like her to contact Great Lakes to help set-up a new complaint.

The relevant regulator's rules say that insurers must handle claims promptly and fairly; that they mustn't turn down claims unreasonably and that they must provide reasonable guidance to help policyholders to make a claim. So I've considered, amongst other things, the relevant rules, the policy terms and the circumstances of Mr O and Ms M's claim to decide whether I think Great Lakes treated them fairly.

It's common ground that Mr O and Ms M had to cut their trip short due to the sudden illness and passing of their close relative. Curtailment due to the death of a close relative is something which is covered by the policy terms. However, in line with most (if not all) travel insurance policies, Great Lakes won't cover claims for the illness or death of close relatives in certain circumstances – i.e. where a terminal prognosis had been given at the time of policy purchase.

As the investigator explained, it's a general principle of insurance that it's for a policyholder to show that they have a valid claim on their policy. So I agree that it was Mr O and Ms M's responsibility to provide Great Lakes with the information it needed to assess whether or not the claim was valid. Having looked at the information given on the medical certificate which was initially completed by the GP, I can understand why Great Lakes felt it needed more details about Mr O and Ms M's relative's medical history before it could accept the claim. I don't think there was enough medical information to ascertain whether Mr O and Ms M's relative had been given a terminal prognosis before the policy was taken out, for example.

However, I've looked at the correspondence between Great Lakes and Mr O. It's clear that Mr O asked Great Lakes' claims handlers for guidance on what information the GP needed to give on several occasions. He was clearly engaged with the claims process and it seems to me that he wanted to resolve things as quickly as he could. While the claims handlers did provide responses and some indication of what medical information might be needed; I think it ought to have been clear to them that Mr O was unsure of what the GP needed to include on the form. He'd asked for targeted questions Great Lakes wanted to be answered which he could pass on to the GP. And he questioned whether Great Lakes could contact the GP directly. So I think Great Lakes could have provided clearer guidance to Mr O to help him gather the medical evidence he needed to show the claim was covered. And in this particular case, given Great Lakes did ultimately write to the GP for information, it isn't clear to me why it couldn't have done so sooner or why it couldn't have passed on a list of targeted questions to Mr O.

Once the GP's new information was received, Great Lakes accepted the claim. In my view, had it provided Mr O with clearer and more detailed guidance to help him make out his claim, it could have been accepted and settled some months earlier than it was. And I think Mr O would likely have been put to significantly less time and inconvenience in corresponding with Great Lakes over a period of months.

It's clear too that Great Lakes accepted, in its final response, that it had caused avoidable delays in its handling of the claim and that it hadn't met its own customer service standards. I note that Great Lakes didn't offer any compensation for the impact its service failings had had on Mr O and Ms M. This final response was sent around three months before the claim

was accepted – and Mr O and Ms M went on to experience further delays and frustration.

So, in the specific circumstances of this complaint, I currently find that Great Lakes has caused unreasonable delays in dealing with this claim and hasn't met its obligation to handle it fairly. It appears Great Lakes accepts this point. Nor do I think it provided enough reasonable guidance for Mr O and Ms M to make their claim. As such then, I think Great Lakes has caused Mr O and Ms M unnecessary trouble, upset and inconvenience at an already difficult and distressing time. Therefore, I currently think it would be fair and reasonable for Great Lakes to pay Mr O and Ms M compensation to reflect the impact I think the additional delays had on them. In my view, an award of £200 is fair, reasonable and proportionate to compensate Mr O and Ms M for the distress and inconvenience I think Great Lakes caused them.'

Both Mr O and Ms M and Great Lakes let me know that they accepted my provisional findings.

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, as both parties have accepted my provisional findings, I see no reason to change them.

So my final decision is the same as my provisional decision and for the same reasons.

My final decision

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

I direct Great Lakes Insurance SE to pay Mr O and Ms M £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M and Mr O to accept or reject my decision before 4 October 2023.

Lisa Barham
Ombudsman