

The complaint

Mr and Mrs M are unhappy with the way in which their claim has been handled by Great Lakes Insurance SE after making a claim on their travel insurance policy ('the policy').

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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 has a regulatory obligation to handle insurance claims fairly and promptly. And it mustn't unreasonably decline a claim.

For the reasons set out below, I don't think Great Lakes has acted fairly and reasonably in the way in which it's handled Mr and Mrs M's claim. And I partially uphold their complaint.

The service received

- In its final response letter dated January 2023, Great Lakes accepts that the service Mr and Mrs M received should've been better. There were unnecessary delays assessing and resolving their claim. Great Lakes didn't reply to emails, asked for the same documents supporting the claim to be provided more than once and initially incorrectly declined the claim. It offered to pay Mr and Mrs M £200 compensation. I think that's fair and reasonable to reflect the distress and inconvenience experienced. I accept it would've been upsetting for Mr and Mrs M to discover that the totality of their claim had been wrongly declined. Particularly after waiting many months for the assessment to take place.
- Mr and Mrs M's relative was in communication with Great Lakes on their behalf and she was put to the trouble of having to chase Great Lakes and provide the same documentation on repeated occasions. However, she isn't a named beneficiary under the policy and so isn't an eligible complainant in respect of the complaint I've been asked to decide. She hadn't entered a contract of insurance with Great Lakes. So, I don't have any power to direct Great Lakes to pay her any compensation for distress and inconvenience she's personally experienced because of what Great Lakes reasonably ought to have done better here.
- I know Mr and Mrs M are unhappy that they were asked to submit their claim online. However, the policy says travel insurance claims can be made by calling a number or registering online. They were also being represented by a relative and it looks like she was able to submit documents online on their behalf. So, in the circumstances of this case, I don't think that Mr and Mrs M's age disadvantaged them progressing their claim. And I've seen nothing to persuade me that Mr and Mrs M were prevented from

sending documents in support of their claim by post rather than online if they needed to and weren't represented. However, as I've already set out above, Great Lakes accepts – and I agree – that there were unnecessary delays, and their claim should've been handled better.

The assessment of the claim

- Ultimately Great Lakes agreed to cover extended accommodation costs around £1,220 and return flights back to the UK around £202. It deducted from the total amount two excess amounts in the sum of £65 each. However, I don't think it was fair for Great Lakes to do this because the policy says an excess isn't payable if it's medically necessary to extend Mr and Mrs M's stay, and extra accommodation and travel expenses are incurred – and that's the claim being made here. The policy also says Great Lakes won't deduct an excess if Mr and Mrs M use a reciprocal health agreement which they did in this case. So, I'm satisfied the total excess deducted in the sum of £130 should be reimbursed to Mr and Mrs M.
- From reading the contact notes it also looks like Great Lakes agreed to pay additional expenses claimed by Mr and Mrs M. It doesn't look like it communicated this to Mr and Mrs M, and payment wasn't made. This related to medical expenses totaling around 265 euros occurred in March 2022 and a taxi fare to the airport for Mr and Mrs M to take their return flight back in the UK in April 2022 in the sum of 110 euros. It's unclear why those sums haven't been paid and Great Lakes hasn't contested that these are still payable in response to our investigator's view which recommended that these sums be paid to Mr and Mrs M. So, in line with section 3 of the policy, I'm satisfied that Great Lakes should pay these sums to them.
- Mr and Mrs M claimed for costs of relatives travelling to and staying in the country Mr and Mrs M had visited. I can, of course, understand why family would have wanted to be close by given the lifesaving surgery Mrs M needed and the prognosis. However, the policy only provides cover for extra accommodation and travel expenses for someone to stay with Mrs M and travel back to the UK with her if deemed medically necessary. I've seen no evidence to persuade me this was the case. So, I'm satisfied Great Lakes fairly declined these costs.
- The certificate of insurance confirms that Mr and Mrs M had 'comprehensive' cover. As such, Mrs M is entitled to the hospital day benefit of £50 per complete 24-hour period of in-patient treatment (up to a maximum limit) if she's admitted to a recognised hospital abroad and treated under a reciprocal health agreement which was the case here. Mrs M spent several days in hospital so I'm satisfied that she should be entitled to payment under this section of the policy.
- The policy says the hospital day benefit is to contribute towards additional expenses such as taxi fares and phone calls incurred during a stay in hospital. So, this goes some way in contributing to the taxi fees and food expenses incurred and claimed for whilst Mrs M was in hospital, which are excluded under the policy (except taxi costs for the initial journey to a hospital abroad).
- The contact notes also show that Great Lakes was considering a claim under section 2 of the policy entitled 'cutting short your trip & trip interruption'. That's because under the policy, the definition of 'cutting short' includes 'being a hospital in patient outside your home country for a period in excess of 48 hours'. And so, it requested the original booking confirmation for the accommodation Mr and Mrs M were staying in. It's not clear whether this claim has yet to be considered. If it hasn't, I think this claim should be assessed without further delay and an outcome promptly provided to Mr and Mrs M.

Putting things right

Within 28 days from the date on which our Service notifies that Mr and Mrs M accept my final decision, I direct Great Lakes to:

- A. pay the outstanding claim for medical expenses and taxi fare to the airport incurred by Mr and Mrs M in March and April 2022, totaling around 265 euros and 110 euros.
- B. pay Mr and Mrs M an amount to reflect simple interest at a rate of 8% per annum from the date on which Mr and Mrs M first made the claim under the policy with supporting documentary evidence of the expenses personally paid for A, to the date on which these expenses are settled by Great Lakes.
- C. calculate and pay the hospital benefit due to Mr and Mrs M under the policy for Mrs M's in-patient stay in hospital.
- D. pay Mr and Mrs M an amount to reflect simple interest at a rate of 8% per annum on the amount calculated for the hospital benefit from the date on which Mr and Mrs M first made the claim under the policy, to the date on which the hospital benefit is paid.
- E. reimburse Mr and Mrs M £130 for the excess deducted when the claim was partially paid by Great Lakes.
- F. pay Mr and Mrs M an amount to reflect simple interest at a rate of 8% per annum on the excess amount deducted from the date on which Mr and Mrs M's claim was partially paid to the date on which the excess is reimbursed.
- G. pay £200 compensation to Mr and Mrs M for distress and inconvenience if it hasn't already done so.
- H. assess the claim for Mr and Mrs M effectively cutting short their trip under section 2 of the policy and confirm the outcome of that assessment to Mr and Mrs M.

If Great Lakes considers it's required by HM Revenue & Customs to take off income tax from any interest paid in respect of B, D and/or F above, it should tell Mr and Mrs M how much it's taken off. It should also give them a certificate showing this if they ask for one. That way Mr and Mrs M can reclaim the tax from HM Revenue & Customs, if appropriate.

My final decision

I partially uphold this complaint and direct Great Lakes Insurance SE to put things right as set out above. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 2 October 2023.

David Curtis-Johnson
Ombudsman