

The complaint

Mr and Mrs J complain because Great Lakes Insurance SE ('Great Lakes') hasn't paid a cancellation claim under their travel insurance policy.

All references to Great Lakes include the agents appointed to handle claims on its behalf.

What happened

In May 2021, Mr and Mrs J booked a holiday abroad. They were due to travel in June 2022. The holiday had originally been due to take place in 2020 but was cancelled a number of times due to the circumstances surrounding Covid-19.

In April 2022, Mr and Mrs J bought a single trip travel insurance policy, provided by Great Lakes.

Unfortunately, one of Mrs J's family members died unexpectedly in June 2022, shortly before Mr and Mrs J's holiday was scheduled to start. Mr and Mrs J cancelled their trip and made a claim for their unused costs under their policy with Great Lakes.

In December 2022, Great Lakes wrote to Mr J and said the claim wasn't covered because he and Mrs J hadn't declared Mrs J's family members illness to it when they bought the policy. Great Lakes also wrote to Mrs J in December 2022, saying the claim wasn't covered for the same reason.

Mrs J complained and Great Lakes sent a final response letter in March 2023. In it, Great Lakes acknowledged that the reason given for the claim decline in its correspondence of December 2022 was inaccurate and poorly expressed. However, Great Lakes said that its decision to decline Mr and Mrs J's claim was correct because Mrs J's family members death wasn't 'unforeseen' as required under the policy terms and conditions.

Unhappy, Mr and Mrs J brought the matter to the attention of our service. One of our investigators looked into what had happened and said she thought Mr and Mrs J's policy wasn't clear about when a claim for the death of a close relative would be covered. So, she recommended that Great Lakes should pay Mr and Mrs J's claim.

Mrs and Mrs J accepted our investigator's opinion. Great Lakes didn't agree and raised further policy exclusions upon which it said it was entitled to rely in declining Mr and Mrs J's claim. As no resolution was reached, the complaint was referred to me as the final stage in our process.

I made my provisional decision about Mr and Mrs J's complaint earlier this month. In it, I said:

'I'm very sorry to hear about the sad passing of Mrs J's family member and I'd like to offer her my sincere condolences for her loss.'

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must

handle claims promptly and fairly and shouldn't unreasonably reject a claim. I've taken these rules into account when making my decision about Mr and Mrs J's complaint.

Is Mr and Mrs J's claim covered under their policy?

I'm sorry to disappoint Mr and Mrs J but, based on the evidence available to me, I don't think it would be fair or reasonable in the circumstances to direct Great Lakes to pay their claim. I'll explain why.

The Insurance Product Information Document ('IPID') for Mr and Mrs J's policy with Great Lakes sets out a summary of the main cover provided and the exclusions which apply. The IPID says:

'What is not insured?

...

X The policy includes restrictions regarding the health of close relatives and friends upon whom your trip may depend, even if they are not being insured by this policy.'

Mr and Mrs J's policy schedule says:

'Please note the following

You may have a close relative with a medical condition who is not travelling with you. In some cases, if their state of health deteriorates greatly, you may want to cancel or curtail your journey. Subject to all the other terms and conditions, such claims are covered if the relative's doctor is prepared to state that **at the date you booked your trip** [emphasis added], he/she would have seen no substantial likelihood of his/her patient's condition deteriorating to such a degree that this would become necessary. If the doctor will not confirm this, your claim is not covered. In the event of a claim the doctor must complete the medical certificate on the claim form.'

The terms and conditions of Mr and Mrs J's policy, which outline the contract between themselves and Great Lakes, at page 13 say:

'Important Information

Anyone your trip depends on – Cancellation & Cutting Short Your Trip
Cover is extended to claims relating to pre-existing medical conditions if the persons medical practitioner is able to confirm that **at the time you bought the policy or booked the trip (whichever is later)** [emphasis added], there would not have been any substantial likelihood of the condition deteriorating so that cancellation or cutting short your trip would become necessary. If the medical practitioner cannot confirm this in writing, your claim will not be covered.'

I'm satisfied this clause is clear, and I don't think it's unusual. Restrictions on cover for claims relating to the health of non-travelling relatives are commonly found in most, if not all, travel insurance policies on the market.

As our investigator correctly pointed out, Mr and Mrs J's policy schedule refers only to the substantial likelihood of the close relative's medical condition deteriorating at the date of booking the trip. In this case, this was in May 2021. Our investigator concluded that Mrs J's family member was in remission at that time.

However, I must also have regard to the wording of the terms and conditions of Mr and Mrs J's policy, which Great Lake is reasonably entitled to apply when assessing their claim. This wording refers to both the time of booking the trip and buying the policy – whichever is later. In this case, the later of these two dates is April 2022.

So, in order for Mr and Mrs J's claim to be covered under the terms and conditions of their policy, they'd need to provide evidence from Mrs J's family member's GP that, as of April 2022, there would not have been any substantial likelihood of his condition deteriorating such that cancellation of this trip in June 2022 would become necessary.

When Great Lakes wrote to Mrs J's family member's GP, it specifically asked for confirmation of if or when his death could have been anticipated. I've carefully considered the letter which Mrs J has provided from her family member's GP dated 5 December 2022. This letter doesn't answer Great Lakes question or refer to the likelihood of Mr and Mrs J needing to cancel their trip when they bought the policy in April 2022.

In addition, the terms and conditions of Mr and Mrs J's policy, at page 32 say:

'General Exclusions – applying to all sections

No section of this policy shall apply in respect of:

1. Claims arising as a result of the following:

...

e) You, a close relative, a travelling companion, or any person with whom you had arranged to stay with:

...

iii. have been given a terminal diagnosis at the time of purchasing your policy ...'

I also think this exclusion is clear, and I don't think it's unusual.

The evidence currently available to me suggests (but, and I wish to make this clear – doesn't explicitly state) it's likely that Mrs J's family member had already been given a terminal diagnosis at the time the policy was purchased in April 2022.

I understand, and don't dispute, that from Mrs J's perspective, the passing of her family member in June 2022 was unexpected and sudden. But this doesn't automatically mean that Great Lakes must pay Mr and Mrs J's claim. The claim needs to comply with the policy requirements in order to be covered.

So, I don't think Mr and Mrs J have demonstrated that their claim is covered under their policy.

If Mr and Mrs J wish for their claim to be reconsidered by Great Lakes then I think they'd need to provide Great Lakes with evidence from Mrs J's family member's GP confirming that there was neither a terminal diagnosis in April 2022 nor a substantial likelihood of the holiday being cancelled in April 2022.

Great Lakes' handling of Mr and Mrs J's claim

I understand that Mrs J experienced considerable difficulties in obtaining information from

her family member's GP. But Great Lakes is reasonably entitled to request medical information when assessing a claim like this and it's up to the policyholder to provide it. Great Lakes can't fairly be held responsible for any confusion on the part of or delays by GPs in providing such information. I've considered the time Great Lakes took to make a decision about Mr and Mrs J's claim after it received the information it needed, as well as the time it took for it to issue a final response and, overall, I don't think Great Lakes caused any excessive or unreasonable delay here.

However, I don't think Great Lakes handled Mr and Mrs J's claim fairly when it declined the claim for what I think were incorrect reasons in both its initial claim declines and in its final response.

There's no travel insurance policy on the market, as far as I'm aware, that requires or allows a policyholder to declare the pre-existing medical conditions of a non-travelling relative. Yet, Great Lakes incorrectly gave Mr and Mrs J this as a reason for their claim being declined twice.

Great Lakes has acknowledged that both its letters in December 2022 were incorrect and poorly written and, in addition, I don't think Great Lakes' final response letter provided an accurate, reasonable or fair reason for the decline of Mr and Mrs J's claim either.

I understand Mrs J was distressed because Great Lakes' initial claim decline was addressed to Mr J, and not to her, when Mrs J was the lead named policyholder, the person who had submitted the claim form and also the person whose family member had died. While I appreciate that both Mr and Mrs J are insured under this policy, I can appreciate why Mrs J was unhappy with this, and I don't think Great Lakes fairly responded to Mrs J's concerns about this in its second letter of December 2022.

Overall, I'm satisfied that compensation is due to Mr and Mrs J for the confusion, inconvenience and upset they experienced as a result of how Great Lakes handled their claim.

While I'm aware that Mr and Mrs J have lost out financially because Great Lakes declined their claim, our awards for compensation for distress and inconvenience are separate to those for financial loss.

Having taken into account our published guidance on the payment of compensation for distress and inconvenience, I currently think it would be fair and reasonable in the circumstances for Great Lakes to pay Mr and Mrs J £250 compensation for the distress and inconvenience they experienced.'

Great Lakes accepted my provisional findings. Mr and Mrs J said they also, reluctantly, agreed.

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.

I understand Mr and Mrs J had great difficulty in getting information from Mrs J's family member's GP and, so, will not request more. It's open to Mr and Mrs J to attempt to do so if they wish.

Based on the evidence available to me, I see no reason to change my provisional decision.

Putting things right

Great Lakes Insurance SE must put things right and do the following:

- pay Mr and Mrs J £250 compensation for the distress and inconvenience they experienced.

Great Lakes Insurance SE must pay the compensation within 28 days of the date on which we tell it Mr and Mrs J accept my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

My final decision

I'm upholding Mr and Mrs J's complaint against Great Lakes Insurance SE in part and I 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 Mrs J and Mr J to accept or reject my decision before 11 October 2023.

Leah Nagle
Ombudsman