

The complaint

Mr and Mrs S complain about the settlement offered by Great Lakes Insurance SE under their travel insurance claim.

Great Lakes are the underwriters of this policy (the insurer). Part of this complaint concerns the actions of Great Lakes' agent. Any reference to Great Lakes therefore includes the actions of its agent.

What happened

Mr and Mrs S hold annual travel insurance cover with Great Lakes. Whilst abroad, their flight home on 16 September was cancelled due to a strike by air traffic control. The airline rearranged their flight home for 19 September. Mr and Mrs S submitted a claim to Great Lakes for their additional costs.

Great Lakes initially turned down the claim, as it thought Mr and Mrs S hadn't submitted their claim within the timeframe set out in the policy terms. However, after Mr and Mrs S provided evidence to show they had submitted their claim in time, Great Lakes accepted the claim. It offered £180 settlement under the travel delay section of cover. It also apologised for its handling of the claim and offered Mr and Mrs S £75 compensation for this.

Unhappy with Great Lakes' settlement offer, Mr and Mrs S brought a complaint to this Service. They said that when they first learnt about the cancelled flight, they had called Great Lakes to find out if their accommodation would be covered. They said they were led to believe it would be, and if they hadn't been given this wrong information, they would have tried to return home on an earlier flight.

Our investigator didn't recommend the complaint be upheld. She thought Great Lakes had assessed the claim correctly and in line with the policy terms. She also thought it had been made clear to Mr and Mrs S that a claim would need to be submitted for assessment on their return home.

I issued a provisional decision on 11 September 2023. Here's what I said:

'I've read the policy terms, and I agree with our investigator that Great Lakes correctly assessed the claim under the travel delay section of cover and the settlement amount offered was in line with this. Whilst the policy does offer extended travel delay cover (which would cover additional accommodation and travel expenses in the event of a cancelled flight), this was optional, and Mr and Mrs S didn't take this out.

However, I've listened to the call that took place between the parties on 15 September. During that call, Great Lakes wrongly told Mr and Mrs S they had cover of up to £1,500 for accommodation if their flight was cancelled. However, this would only be the case if they held the extended travel delay cover (though this actually provided up to £1,000 of cover), which they didn't. So I think it's clear that Great Lakes gave Mr and Mrs S the wrong information.

When a business does something wrong, the aim of this Service is to place them back in the position they would have been in if the error hadn't occurred (as far as possible). I've therefore thought about how Great Lakes' error impacted Mr and Mrs S.

Mr and Mrs S say they relied on the wrong information they were given by Great Lakes. They say if they'd known their accommodation costs wouldn't be covered, they would have tried to return home earlier on a different flight, rather than pay for the hotel until 19 September.

I don't know for certain that Mr and Mrs S could've got an earlier flight with a different airline. However, I think it's reasonable to assume they could've done so, for the purposes of calculating fair redress. So I think they were likely financially disadvantaged by the wrong information given to them by Great Lakes.

Mr and Mrs S were given the wrong information by Great Lakes on 15 September, but I think it's unlikely they could've arranged a return flight for that same day. I also think it's unlikely they would have wanted to end their holiday earlier than originally planned.

I've checked online and I understand that the air traffic control strike took place for one day on 16 September. So assuming Mr and Mrs S could've returned home on 17 September, they would have paid for one night's hotel accommodation (16 September), plus the cost of their return flight. I see the cost of their unused flight of 16 September was 119.98 Euros, so it seems reasonable to use this figure as the assumed cost of a return flight. I therefore intend to require Great Lakes to reimburse Mr and Mrs S's hotel costs for 17 and 18 September, less 119.98 Euros.

That means that the travel delay cover would be less than what Great Lakes has offered. I think a fair approach would be for Great Lakes to assume that Mr and Mrs S were delayed for 24 hours, and the travel delay settlement should be based on this. As Great Lakes had previously offered more than this, I don't require it to pay interest on this amount. If Great Lakes has already paid the £180 payment previously offered, it can take this into account when calculating the overall settlement due to Mr and Mrs S.

I think that Mr and Mrs S were caused unnecessary confusion by Great Lakes' handling of this matter, as well as upset when they later learnt their accommodation wasn't actually covered. I intend to require Great Lakes to pay them £200 compensation for this.

Mr and Mrs S also want Great Lakes to cover the cost of their food, but this isn't covered under the policy, so I don't require Great Lakes to do this.

Mr and Mrs S have questioned whether their kennel costs would be covered. As our investigator has explained, the policy does provide pet care which covers additional kennel charges that are incurred. Though this is only payable if a valid claim is made under the emergency medical and repatriation section of cover. Kennel costs aren't covered for travel delay.

However, as I've found that Mr and Mrs S would've likely returned on 17 September if Great Lakes hadn't given them the wrong information, I think it ought to reimburse the kennel costs for 18 and 19 September.

Great Lakes initially turned down the claim incorrectly, as it mistakenly thought that Mr and Mrs S had delayed making their claim. However, Great Lakes has apologised for this and offered £75 compensation for its handling of the matter. I'm satisfied this compensation amount was reasonable for that error.'

I asked both parties for any further comments they wished to make before I made a final decision.

Mr and Mrs S responded to say they accepted my provisional findings, and confirmed they hadn't received any payment from Great Lakes in respect of the travel delay, or the £75 compensation.

Great Lakes responded to confirm it also accepted my provisional 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.

As both parties confirm they accept my provisional findings, I see no reason to change these. I therefore remain satisfied that this complaint should be upheld, and for the same reasons as set out in my provisional decision.

My final decision

My final decision is that I uphold this complaint. I require Great Lakes Insurance SE to do the following:

- Reimburse Mr and Mrs S's hotel costs for 17 and 18 September, less 119.98 Euros. Interest* should be added to this at the rate of 8% simple per annum from the date the costs were incurred to the date of settlement.
- Pay travel delay benefit assuming a delay of 24 hours.
- Pay total compensation of £275 (including the £75 previously offered).
- Reimburse the kennel costs for 18 and 19 September. Interest* should be added to this at the rate of 8% simple per annum from the date the costs were incurred to the date of settlement.

* If Great Lakes considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr and Mrs S how much it's taken off. It should also give Mr and Mrs S 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 S and Mrs S to accept or reject my decision before 18 October 2023.

Chantelle Hurn-Ryan
Ombudsman