

The complaint

Miss N complains about the way Great Lakes Insurance SE dealt with her travel insurance claim.

Any reference to Great Lakes includes those assisting on its behalf.

What happened

Miss N made a claim on her travel insurance policy in November 2021. She'd fallen over whilst abroad in a country I'll call "B", sustained an injury which required surgery, and needed help in arranging her return to the UK afterwards.

Great Lakes accepted Miss N's claim and once she was declared fit to fly arranged her return home. It also went on to pay a medical bill in December 2021 and out of pocket expenses in March 2022.

However, in May 2022 Miss N told Great Lakes the hospital in B had made her aware that an invoice hadn't been settled. Great Lakes said it'd paid all the costs that had been claimed for and asked for a copy of the outstanding invoice. However, when that invoice remained unpaid by November 2022 Miss N complained.

Miss N said she'd provided everything required of her and had been patient with Great Lakes. She said she was now being chased by the hospital directly despite being told Great Lakes and the hospital would liaise with each other, and her mother (who lived in B and was her next of kin) had been contacted by the hospital too. Miss N said the impact of the delay and the contact in relation to the outstanding invoice was causing her extreme distress and she had become fearful the matter would not be sorted.

Great Lakes acknowledged there had been a lack of management of the claim after Miss N had completed her treatment. It noted multiple emails from her weren't recorded, acted on, or responded to, which excessively delayed the claim's resolution. It said invoices weren't followed up, and there was no urgency once Miss N had provided the outstanding invoice either. Great Lakes also said that had more been done earlier in the claim, there was a reasonable expectation that further invoices could have been directed to it from the hospital correctly.

Great Lakes apologised for the delays and the stress and inconvenience caused. It also confirmed all costs had since been settled. But Miss N remained unhappy with what had happened and asked this service to consider her complaint.

Our investigator didn't think Great Lakes had progressed the claim promptly or fairly. They acknowledged it had apologised for its delays and had since paid the outstanding invoice, but they thought compensation for the impact caused should be awarded too and recommended £150.

Great Lakes agreed with that recommendation, but Miss N did not. She said a larger award would be more reasonable and £150 wasn't enough to recognise the months of constant

stress, worry and anxiety caused. So, as no agreement was reached the matter was passed to me to decide.

I issued a provisional decision explain why I was I thought a higher award of compensation was warranted. That decision forms part of this final decision, and it read as follows:

"I've considered all of the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I too am intending to uphold this complaint, but I think an increased award of compensation is warranted for the following reasons:

- *Great Lakes had a responsibly to handle Miss N's claim both promptly and fairly. It did not do that here and has already acknowledged there were excessive delays in and a lack of management of this claim. I need not detail each individual failing again because of that, but I do think it was right of Great Lakes to recognise what went wrong and apologise for it.*
- *That Great Lakes' failings impacted Miss N is not disputed. Miss N has detailed the impact she says she felt and in summary has explained:*
 - *She was stressed, worried and anxious about the lack of communication from Great Lakes. The matter had been going on for months and she was increasingly frustrated as time went on too.*
 - *Not only was she worried about the outstanding invoice, but she was further distressed that the hospital had contacted her and also her mother who lived in B directly. That should not have happened. It was Great Lakes that owed the money, it should have been liaising with the hospital, and she should not have been put in the position that she was.*
 - *She was fearful that the invoice would not go on to be settled given the previous issues she experienced with delays and sustained lack of communication. She was concerned about the potential of any non-payment causing her and her mother financial damage too. And she wanted to go back to her normal life without the worry of debt collectors and/or an ongoing claim where money was owed.*
- *I find Miss N's account both plausible and persuasive – especially in view of the excessive delays and failings already accepted and the amount of the outstanding invoice itself (in excess of \$29,000). As Great Lakes' handling of matters caused Miss N both additional and unnecessary distress and inconvenience, I think an award of compensation to recognise that is fair.*
- *Compensation is intended to represent a fair and proportionate reflection of the impact of a business mistake on someone. I don't think £150 represents that in the circumstances of this complaint and agree that an increased amount is warranted.*
- *I'm not persuaded the full increase Miss N has suggested (up to £1,500) would be fair or proportionate. I say this because compensation isn't intended to be punitive. Despite its failings Great Lakes had accepted liability for Miss N's claim and had gone on to make some payments. I don't think Great Lakes actively led Miss N to believe that she would be liable for the cost of the outstanding invoice. And it did apologise for the delays in both acting on the invoice and settling it.*
- *Currently, I think an award of £400 compensation represents a fair and proportionate reflection of the impact of Great Lakes' mistakes."*

Responses to the provisional decision

Miss N said she was happy with the outcome.

Great Lakes said some of the delay had occurred because the value of the invoice kept changing, but it appreciated it could have provided Miss N with further updates to reassure her that the bills were being negotiated for settlement. It said it could not be held accountable for the treating hospital contacting Miss N and her mother directly however, because it had no authority over which facilities adopted bill settlement protocols.

As both sides have now responded I need to reach 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.

Having done so I have reached the same outcome as my provisional decision so let me explain why.

Great Lakes is correct, it is not responsible for the actions of the treating hospital in B and the award I explained I was intending to reach in my provisional decision was not based on it being so. I was however mindful that within its final response letter to Miss N Great Lakes had said:

"Had they followed up with their cost containment company to ensure payment there is a reasonable expectation that the billing company could have become aware of them and correctly directed further invoices."

So while I'm not holding Great Lakes responsible for the actions of the treating hospital in B, there does appear to have been more it could have done to reduce some of the impact that was eventually caused to Miss N.

Great Lakes has acknowledged it could have provided Miss N with further updates to reassure her that the bills were being negotiated for settlement too. I am pleased it has done so. But taking everything into account, for both the reasons given here and within my provisional decision, I am still of the opinion that Great Lakes caused Miss N additional and unnecessary distress and inconvenience.

As I set out before, any compensation I award needs to be a fair and proportionate reflection of the impact of Great Lakes' mistakes. And in the specific circumstances of this complaint I remain of the opinion that £400 represents that.

Putting things right

Great Lakes should put things right by paying £400 compensation.

My final decision

My final decision is that I uphold this complaint. Great Lakes Insurance SE should put things right in the way I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 3 November 2023.

Jade Alexander

Ombudsman