

The complaint

Mr and Mrs C are unhappy Great Lakes Insurance SE declined a claim they made under their travel insurance policy. In addition to this, Mr and Mrs C are dissatisfied with the time Great Lakes took to progress their claim.

What happened

Mr and Mrs C purchased a single trip travel insurance policy, covering them for a trip abroad between 21 April 2022 and 28 April 2022. The policy provided cover for various pre-departure and post-departure risks.

Mr and Mrs C have explained that they travelled abroad to pick up a cruise, as planned. But, once abroad Mrs C began to feel unwell – and tested positive for Coronavirus. So, the cruise company denied them boarding because of the positive test result. Given this, Mr and Mrs C were unable to continue their cruise as planned. The cruise company didn't offer them any form of refund – so they lost out on the £1,098 they had paid for it.

As Mr and Mrs C couldn't go on their cruise they remained abroad, booking alternative travel accommodation and a hire car – and then returned home on the flight originally planned. On 1 August 2022, after receiving documentation from the cruise company confirming no refund was being provided, Mr and Mrs C made a claim under their travel insurance policy, for the £1,098 they had lost by not going on the cruise.

On 2 February 2023 Great Lakes told Mr and Mrs C that their claim was declined. It said that Mr and Mrs C had already started their trip when they were denied boarding – as they were already abroad. So, cancellation cover didn't apply in this instance. In addition to this, Great Lakes said the Covid-19 cover under the policy didn't cover Mr and Mrs C for the curtailment of their holiday in this instance.

Mr and Mrs C were unhappy with this decline. Mr and Mrs C said there was specific cover under their policy for cutting short a trip because of being unable to continue on a pre-booked excursion due to Covid-19, and the need to self-isolate. They said this fitted their situation perfectly. So, they felt their claim should be covered.

Great Lakes maintained its position on the claim. It did however acknowledge there were avoidable delays with the time it had taken to consider Mr and Mrs C's claim, and it apologised for this.

Mr and Mrs C remained dissatisfied with Great Lakes position on the matter. So, they referred their complaint to this service for an independent review.

Our investigator considered this complaint and considered that Great Lakes should pay Mr and Mrs C £100 compensation for the trouble and upset delays in progressing their claim had caused them. But our investigator thought Great Lakes had acted fairly in declining Mr and Mrs C's claim. They said the only section of the policy which provided cover for issues arising for Covid-19, didn't cover the particular situation Mr and Mrs C had found themselves in. So, our investigator said Great Lakes hadn't done anything wrong here.

Neither party responded to our investigator's outcome. So, this complaint has been referred to me to decide.

I issued a provisional decision on this case. In this I said:

"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'm intending on upholding this complaint, and requiring Great Lakes to reassess Mr and Mrs C's claim, in light of the remaining terms and conditions of the policy – and pay them £200 compensation.

I've explained why this is my intended decision below.

When considering complaints such as this, I need to consider the relevant law, rules and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly and fairly, and not unreasonably decline it. So, I've thought about whether Great Lakes acted in line with these requirements when it declined to settle Mr and Mrs C's claim.

I've also reviewed Mr and Mrs C's policy documentation – to see what cover it provided. Having done so, I'm aware Mr and Mrs C's policy excludes claim arising from Covid-19, except for under Section 18: Covid-19 cover. So, I'm aware that for Mr and Mrs C to have a successful claim, it needs to be covered under that section. No other section is relevant to their loss – and I'm satisfied this was made clear on the Insurance Product Information Document (IPID) sent to Mr and Mrs C when they purchased their policy.

I've reviewed Section 18: Covid-19 cover. And I can see this explains that it provides cover for cancelling or cutting short a trip in certain scenarios. One the listed scenarios is as follows:

"You are denied boarding on your pre-booked outbound travel due to you contracting Covid-19, as certified by a medical practitioner following a medically approved test showing a positive result for COVID-19 or having a confirmed temperature above 38 degrees Celsius."

Mr and Mrs C were denied boarding by the cruise company because of Covid-19. So, I've thought about whether Great Lakes has acted fairly in noting the above doesn't apply in their case. And I don't think it has acted fairly.

The above term says Mr and Mrs C needed to have been denied boarding of their pre-booked outbound travel. The policy doesn't define what outbound travel is. Given this I think it would be fair to read this term in Mr and Mrs C's favour, with the attempt to board the cruise ship, to travel on their cruising holiday, being part of their outbound travel. The sole purpose of the trip was to travel on a cruise – and this wasn't realised because of the refusal to board them due to Coronavirus – which it seems to me, is what the term is intending to cover.

I appreciate Great Lakes may consider that Mr and Mrs C weren't on their outbound travel. I've explained why I think it would be fair to say they were, above. But it's also important to note that my remit is to consider what is fair and reasonable in the circumstances. And this includes the ability to depart from a strict application of policy terms, where this would lead to an unfair result.

As above, their sole reason for travelling was for a cruise. And Mr and Mrs C couldn't go on their trip as planned, because of Coronavirus. It seems to me that the spirit of this section of the policy is to cover where an insured person can't travel on their intended trip due to Coronavirus – which is what happened here. So, I think it would be unfair for Great Lakes to decline Mr and Mrs C's claim, simply because they had already had one successful flight, before testing positive and being unable to board the ship as planned.

For this reason, I think Great Lakes should reassess Mr and Mrs C's claim, in line with the remaining terms and conditions of the policy.

I've also considered the time taken to progress Mr and Mrs C's claim. Great Lakes has agreed there were unavoidable delays in the claim being progressed. This service asked Great Lakes for a timeline of what happened, following the claim being made, in order to see what was happening, and when. Great Lakes didn't provide this. So, I've based my decision on the information we do have in this regard.

From the evidence I've been provided with, Mr and Mrs C made their claim to Great Lakes on 1 August 2022. I can see very little action on the claim, until 2 February 2023, when Mr and Mrs C were told their claim was declined. This was a six-month period where Mr and Mrs C were awaiting a response. And I can appreciate how this would have been distressing and inconvenient for them – with the need to chase their claim in January 2023.

Great Lakes did apologise for this delay. But I think it's fair and reasonable for Great Lakes to pay Mr and Mrs C compensation for the distress and inconvenience caused to them, by having to wait for an answer for six months. I've thought about what a fair and reasonable figure in this regard is. And I think it would be fair and reasonable for Great Lakes to pay Mr and Mrs C £200 compensation in total. I say this because I think it recognises the extended wait time, and Mr and Mrs C's need to chase for their claim to be progressed."

Mr and Mrs C responded to my provisional decision and confirmed they had nothing further to add. Great Lakes didn't respond.

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've decided to uphold this complaint.

There hasn't been any further comments or evidence from either party, to alter my findings on this complaint, or the reasoning for it. And so, my decision remains the same as that in my provisional decision, and for the same reasons.

My final decision

Given the above, my final decision is that Great Lakes Insurance SE should:

- Reconsider Mr and Mrs C's claim, in line with the remaining terms and conditions of the policy.
- Pay Mr and Mrs C £200 compensation in total, for the distress and inconvenience experienced.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 7 November 2023.

Rachel Woods
Ombudsman