

The complaint

Miss K and Mr W complain that Great Lakes Insurance SE declined their travel insurance claim. My references to Great Lakes include its agents.

What happened

Miss K and Mr W had a single trip travel insurance policy to cover their trip abroad from 22 June to 8 July 2022. Great Lakes insured the relevant travel insurance sections.

On 5 July 2022 Great Lakes was contacted by Mr W's mother to say he was on the trip and had Covid-19. Great Lakes spoke to Miss K and a hospital medical test confirmed Mr W had Covid-19. Under local regulations he needed to isolate for 14 days. On 6 July Great Lakes emailed Mr W to say their claim was covered. However, on 18 July Great Lakes told Mr W that as he wasn't vaccinated against Covid-19 the claim would only be covered if he could provide proof of exemption from the vaccination.

Miss K and Mr W complained to Great Lakes but didn't get a response so they complained to us. In summary they said:

- Great Lakes had told them they were covered so they were confused why it later changed its mind.
- Great Lakes telling Mr W to take a Covid-19 test caused them loss of earnings as they couldn't return to the UK as scheduled, which caused them personal financial problems. And they owe money to Mr W's mother as she'd paid their return flight. They'd been caused a lot of stress by Great Lakes not paying their costs.
- Great Lakes told them not to change the date of their original flight as it would handle the flight closer to the time they were going to leave. But if they had changed the original flight they would have saved thousands of pounds in flight costs.
- Great Lakes wouldn't send them any money for food and travel while they were abroad which reduced the money they had to travel back to the UK.
- They took out the insurance in case of an emergency so even if they weren't covered for Covid-19 the general insurance should cover their flight home and loss of earnings.
- They want Great Lakes to acknowledge its mistake and at least pay their return flight.

Our investigator said Great Lakes had fairly declined their claim. But she recommended Great Lakes pay Miss K and Mr W £100 compensation for their loss of expectation and their distress and inconvenience its wrong information caused.

Great Lakes accepted our investigator's recommendation. Miss K and Mr W didn't accept and want an ombudsman's 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.

The relevant regulator's rules say that insurers must handle claims promptly and fairly and they mustn't turn down claims unreasonably.

I think Great Lakes reasonably declined the claim but I don't think it handled the claim fairly. It should pay Miss K and Mr W £100 compensation for their loss of expectation and their distress and inconvenience Great Lakes caused. I'll explain why.

The policy covers some costs, as set out in the policy terms, if Mr W had a medically approved test showing a positive result for Covid-19. But the policy specifically excludes:

'any claim where you contract Covid-19 and you have not had the recommended vaccination(s) (consideration will be given where you were medically unable to have the vaccination, and this is shown on your medical records)'.

That's a common exclusion in travel insurance policies. Mr W has said he wasn't vaccinated for Covid-19, and he hasn't shown he was medically unable to be vaccinated. So I think Great Lakes ultimately correctly declined the claim under the policy terms.

However, it's clear from Great Lakes' internal notes that it emailed Mr W on 6 July saying cover was in place for his claim, which was wrong information. It was only on 18 July that Miss K and Mr W were notified they needed to make and pay for their own flight arrangements when Great Lakes raised the issue of Mr W's vaccination status.

Miss K and Mr W were understandably upset and worried when Great Lakes said it wasn't going to cover the claim after all. Great Lakes had wrongly raised Miss K and Mr W's expectations that the claim would be covered. And they had the stress of arranging their own return flight at short notice.

But I think the £100 compensation for their loss of expectation and their distress and inconvenience, caused by Great Lakes giving the wrong information about cover, is a reasonable amount.

I don't think Great Lakes need to pay more compensation or the costs of Miss K and Mr W's return flight, as they request. That's because:

- Great Lakes hasn't provided the recordings of the calls it had with Miss K and Mr W but it has provided notes of the communications it had with them. The notes show that on 7 July Mr W asked it to arrange a return flight for 20 July, which would take into account the local regulations to them needing to isolate for 14 days. On 11 July Great Lakes emailed Mr W saying that when it became close to the end of his isolation period it would book the new flight. There's no record of Great Lakes telling Miss K and Mr W not to alter their original flight home which was on 7 July. And given the timings I think it's unlikely Great Lakes would have told them not to alter the original flight as Miss K and Mr W clearly weren't able to take the original flight.
- As Mr W had tested positive for Covid-19 the local regulations meant he had to isolate for 14 days. I'm sorry that as Mr W wasn't able to return on the original date he had loss of earnings which led to financial problems. But I don't think Great Lakes was responsible for him missing his original return flight as it was the local regulations for isolation which meant he couldn't return as planned. The policy doesn't cover any loss of earnings.
- The policy provides a confinement benefit if Mr W is self-isolated in his holiday accommodation by a relevant government authority due to testing positive for Covid-

19. But that's only if the claim was covered, and Miss K and Mr W claim wasn't covered. Even though for a time Great Lakes thought Mr W was covered the benefit isn't generally sent to a policyholder at the time of isolation, but paid as part of a claim payment at a later date. So Great Lakes acted reasonably in not sending Mr W money when he was in isolation.

- Miss K and Mr W say that even if they weren't covered for Covid-19 the general insurance should cover them for their flight home and loss of earnings. But insurance contracts don't cover every eventuality and an insurer is able to decide the risks it's prepared to cover, which the policy sets out as insured events within each policy section. As I've said, the policy doesn't cover loss of earnings and it only covers the additional costs of flight home in specific circumstances detailed in the policy terms. The costs of the return flight in Miss K and Mr W's circumstances aren't covered by any part of the policy.

Putting things right

Great Lakes must pay Miss K and Mr W £100 compensation for their loss of expectation and the distress and inconvenience it caused, as it's now agreed to do.

My final decision

I partly uphold this complaint and require Great Lakes Insurance SE to pay Miss K and Mr W £100 compensation for their loss of expectation and their distress and inconvenience it caused, which Great Lakes Insurance SE has now agreed to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K and Mr W to accept or reject my decision before 8 December 2023.

Nicola Sisk
Ombudsman