

The complaint

Mrs R complains that Great Lakes Insurance SE turned down a cancellation claim she made on an annual travel insurance policy.

All references to Great Lakes include the actions of the agents acting on its behalf.

What happened

In October 2021, Mrs R took out an annual travel insurance policy through a broker which I'll call A. The policy was underwritten by Great Lakes. Mrs R took out European cover, which excluded a number of regions. The policy was due to end in January 2023.

Mrs R booked a trip to one of the Canary Islands and was due to travel in December 2022. Unfortunately, in November 2022, she had to cancel the trip due to a deterioration in her health. She made a claim on her travel insurance policy for the costs associated with the cancellation.

Great Lakes turned down Mrs R's claim. It said Mrs R's policy didn't include cover for the Canary Islands.

Mrs R was unhappy with Great Lakes' decision and she complained. Great Lakes maintained its decision to turn down the claim, although it wrongly referred to Mrs R's trip having been cancelled because her airline had cancelled her flight. So Mrs R asked us to look into her complaint.

Our investigator thought it had been fair for Great Lakes to decline Mrs R's claim. She thought it was clear that Mrs R's policy didn't provide cover for trips to the Canary Islands. But she didn't think Great Lakes had handled Mrs R's claim as well as it should have done. So she recommended that Great Lakes should pay Mrs £100 compensation.

Great Lakes agreed with our investigator's assessment but Mrs R did not. So the complaint's been passed to me to decide.

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, whilst I'm sorry to disappoint Mrs R, I think the fair outcome to this complaint is for Great Lakes to pay her £100 compensation and I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So I've considered, amongst other things, the terms of Mrs R's policy and the circumstances of her claim, to decide whether I think Great Lakes treated her fairly.

Was it fair for Great Lake to turn down Mrs R's claim?

I've first considered the policy terms and conditions, as these form the basis of Mrs R's contract with Great Lakes. Page 10 of the policy says:

'For cover to apply you must have paid the required premium for the country, or countries you plan to travel, and this is shown on your Validation Certificate.'

Mrs R provided us with a copy of her validation certificate, so I'm satisfied she received it. This states the following:

*'Destination: Europe: **Excluding** Cyprus, Greece, Malta, Spain (including Balearic and Canary Islands), Turkey, Egypt, Morocco and Tunisia'* (My emphasis added).

In my view, the validation certificate makes it clear that while Mrs R opted to take out cover for some European destinations, the countries specifically listed were excluded from any cover. I don't find the validation certificate to be unclear or misleading.

As Mrs R's claim was for a cancelled trip to one of the Canary Islands, I don't think it was unreasonable for Great Lakes to conclude that the policy she'd taken out didn't provide her with cover for her holiday. So I find Great Lakes acted fairly when it turned down Mrs R's claim.

Great Lakes didn't sell Mrs R's policy to her – she took it out through A, a broker. If Mrs R has any concerns about the information she was given at the point of sale or about the way A sold the policy, she'd need to complain directly to A about that issue.

Great Lakes' handling of the claim

In my view, Great Lakes didn't unreasonably delay its handling of this claim. It confirmed receipt of Mrs R's claim form around 10 days after it had been posted. And it let Mrs R know her claim had been declined around two weeks after that.

However, Great Lakes acknowledges that it could have done more to communicate effectively with Mrs R. It continued to email her with updates, even once she'd made it aware that she no longer had email access. This put Mrs R to some time and trouble in having to chase things up. And I don't doubt how frustrating it was when Great Lakes responded to Mrs R's concerns by referring to an incorrect set of claim facts. So I do think Great Lakes made clear errors in its handling of this claim which caused Mrs R unnecessary inconvenience and upset.

I agree with the investigator that compensation of £100 is a fair, reasonable and proportionate award to reflect the material distress and inconvenience Great Lakes' service failings caused her. I was pleased to note that Great Lakes has agreed to pay this award and I now direct it to do so.

My final decision

For the reasons I've given above, my final decision is that it was fair for Great Lakes to turn down Mrs R's claim.

But I direct Great Lakes Insurance SE to pay Mrs R £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 6 March 2024.

Lisa Barham
Ombudsman