

The complaint

Mr and Mrs S are unhappy that Great Lakes Insurance SE declined a claim made on their annual, multi-trip, travel insurance policy ('the policy').

All reference to Great Lakes includes its claims handlers.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. I issued my provisional decision in January 2024 explaining why I intended to partially uphold this complaint to the extent that Great Lakes should pay Mr and Mrs S £100 compensation. An extract of my provisional decision is set out below.

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Great Lakes has a regulatory obligation to handle insurance claims fairly and promptly. And it mustn't unreasonably decline a claim.

The decision to decline the claim

For the reasons set out below, I don't think Great Lakes' decision to decline the claim made for Mr and Mrs S' out of pocket expenses for accommodation and airport transfer was unfair in the circumstances of this case.

Section 11 of the terms and conditions of the policy sets out the terms relating to "travel delay and abandonment". It says:

This section of the Policy sets out the cover We provide to each Insured Person in total per Insured Journey...in the event of Your unavoidable delay in departure of at least 12 hours from Your original scheduled departure time from Your first departure point on Your outward journey...as a result of:

...Strike or Industrial Action...

...Cancellation by the transport provider of Your scheduled pre-booked international flight...

It goes on to say what's covered:

In the event that You decide to abandon Your outward trip, the cost of:

...Your unused non-refundable pre-booked travel and accommodation expenses which You have paid or are contracted to pay...

This section of the policy also needs to be read in conjunction with page 5 of the policy terms and conditions which says:

Annual multi-trip policies

Cover for the cancellation of Your Insured Journey starts on the date shown as the start date on Your Policy Schedule or from the date the Insured Journey is booked (whichever is later) and ends when You leave Your Home to start Your Insured Journey or at the end of the Policy Period (whichever is sooner).

All other cover under this Policy starts when You leave Your Home to start Your Insured Journey and ends when You return to Your Home to end Your Insured Journey or at the end of the Policy Period (whichever is sooner).

Home is defined as:

Your principal place of residence, which is used for domestic purposes, within the United Kingdom.

It's agreed that Mr and Mrs S's flight was cancelled by the airline around two days before their scheduled departure time due to industrial action. And so, they never left home to go to the airport.

I'm therefore satisfied Great Lakes has fairly concluded that cover under section 11 (travel delay and abandonment) hadn't started. Mr and Mrs S had the benefit of a multi-trip, annual, policy so under the contract of insurance, cover under this section didn't begin until they left home to start the insured journey.

I've also considered whether Mr and Mrs S were covered under the 'cancellation' section of the policy (section 2). I'm satisfied they're not as there's not an insured event under this section of the policy which covers the circumstances which led to them not being able to go on holiday.

I know Mr and Mrs S will be disappointed, and I can understand why as their trip didn't go ahead for reasons entirely outside their control. However, travel insurance policies don't cover every eventuality and it's for the insurer to set out in the policy terms and conditions the risks it's prepared to insure for the premium paid.

Mr and Mrs S being told that payment for the claim had been raised

Mr and Mrs S have said that during a call in July 2023 they were told by a representative of Great Lakes that payment of the claim had been approved and they should receive payment shortly.

I haven't received a recording of this call, but I'm persuaded by what Mr and Mrs S say about the assurances given by Great Lakes. Mr and Mrs S have produced two screenshots from the claim portal reflecting that their claim was in progress, no action was required and "we have raised your payment" (for the claim). They say this also happened on a third, earlier, occasion but they didn't take a screenshot at that time.

Whilst I don't think the eventual decision to decline the claim was unfair (for reasons I've already explained), I do think they were given wrong information which unfairly raised their expectations that the claim was going to be paid. I accept this impacted them. It would've been upsetting for Mr and Mrs S to then discover that the assurances given weren't right, and their claim was being declined.

I'm satisfied that £100 compensation fairly reflects this distress and disappointment.

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I invited both parties to provide any further information in response to my provisional decision for me to consider.

Great Lakes accepted my provisional findings.

Mr and Mrs S didn't agree. They say cover started under the policy from when their journey was booked – so, the end of March 2023 when they booked their flight abroad. As such, they say their claim should be covered.

Mr and Mrs S have also said that £100 doesn't truly reflect the distress and disappointment of their situation and now one of them is very reluctant to go abroad on holiday again, which has caused the other immense upset.

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.

That includes Mr and Mrs S' further comments in response to the provisional decision. I'm sorry to hear about one of them now being reluctant to travel abroad again given what happened and how this has impacted the other. But I don't think I can reasonably hold Great Lakes responsible for this because I don't think it has unreasonably relied on the policy terms to decline their claim.

For the reasons set out in my provisional decision (set out above and which forms part of this, my final decision), I don't think the circumstances leading to Mr and Mrs S' holiday being cancelled or abandoned are covered under sections 2 or 11 of the terms of the policy.

It's agreed that Mr and Mrs S's flight was cancelled by the airline around two days before their scheduled departure time due to industrial action. Even if the circumstances set out in section 11 of the policy can apply to the circumstances of their case, Mr and Mrs S never left home to go to the airport. I'm therefore satisfied Great Lakes has fairly concluded that there's no cover under section 11 (travel delay and abandonment) in this case. Mr and Mrs S had the benefit of a multi-trip, annual, policy so under the contract of insurance, cover under the travel delay and abandonment section didn't begin until they left home to start the insured journey.

I accept that cancellation cover (as opposed to cover for travel delay and abandonment) was in place at the time the airline cancelled the flights but that's not listed as an insured event under section 2 of the policy. Subject to the remaining terms of the policy, this section only covers Mr and Mrs S if their holiday was cancelled for things like being unable to go away because one of them was injured or ill, had to attend jury service, being made involuntary redundant and being instructed to stay at home by a relevant authority because of severe damage to their home.

However, I remain satisfied that Mr and Mrs S were given wrong information which unfairly raised their expectations that the claim was going to be paid. I accept this impacted them. It would've been upsetting for them to then discover that the assurances given weren't right, and their claim was being declined. I'm satisfied that £100 compensation fairly reflects this distress and disappointment.

Putting things right

I direct Great Lakes to pay Mr and Mrs S £100 compensation for the distress caused.

My final decision

I partially uphold this complaint and direct Great Lakes Insurance SE to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 13 March 2024.

David Curtis-Johnson
Ombudsman