

The complaint

Mrs S is unhappy that Great Lakes Insurance SE refused to give her a cash refund for her travel insurance policy.

What happened

Mrs S took out a deferred annual travel insurance policy in May 2020. Cover was due to start in May 2021. In May 2021 Mrs S contacted Great Lakes to ask for the policy to be deferred again. As this wasn't possible she asked for a refund of the premium.

Instead Great Lakes offered her a voucher which matched the value of the policy and was valid for three years. Mrs S contacted Great Lakes in September 2021 to ask for a cash refund as she'd found a cheaper policy elsewhere. Great Lakes declined Mrs S's request for a cash refund and so Mrs S used the voucher to cover the cost of a single trip policy which cost slightly more than the value of the voucher. Mrs S complained to Great Lakes.

In their final response letter Great Lakes said that they were unable to provide a refund outside of the 14 day cooling off period. Unhappy, Mrs S complained to the Financial Ombudsman Service.

Our investigator looked into what happened. He didn't think Great Lakes had acted fairly in May 2021 when Mrs S requested a refund. He thought Mrs S was put in a position where she had no choice but to use the voucher towards a more expensive policy. He recommended Great Lakes refund Mrs S 8% simple interest per annum on the total cost of the premium, the difference between the value of the voucher and the cost of the more expensive policy and £75 compensation.

Mrs S accepted the investigator's findings. Great Lakes didn't respond to the investigator's recommendation. So, the complaint was passed to me to make a 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.

In the specific circumstances of this complaint I think it's fair and reasonable to uphold this complaint. I say that because:

- The policy terms and conditions say that Mrs S could cancel within 14 days of the date the policy was issued. The policy was issued in May 2020, but cover didn't start until the following year.
- Due to the circumstances surrounding Covid-19 the policy was deferred for 12 months and cover never actually commenced. When Mrs S contacted Great Lakes in May 2021 she wasn't able to defer the policy again. Given that cover hadn't started yet I think it would have been fair for Great Lakes to offer her a cash refund at that point as it was unclear when Mrs S would be able to use the voucher and she'd

already pushed it back a year.

- By the time Mrs S was able to travel again she'd sourced cheaper cover elsewhere. But, as Great Lakes still wouldn't give her a cash refund, she ended up using the voucher towards the cost of a more expensive policy with Great Lakes. I also think it would have been fair and reasonable, in the specific circumstances of this case, to give her a refund. Instead, Mrs S had to take out a more expensive policy with Great Lakes to avoid losing the money.
- Mrs S has been deprived of the value of the refund between May 2021 and September 2023 when she used the voucher. She also had to pay £29.51 more for the new policy which she took out. She's also been inconvenienced as she didn't get the refund, which she would have preferred as she could have taken out alternative cover more cheaply elsewhere. I think £75 compensation fairly reflects the distress and inconvenience caused.

Putting things right

Great Lakes needs to put things right by:

- Paying Mrs S 8% simple interest per annum on the value of the original premium between the date that Mrs S requested a refund in May 2021 and September 2023 when she used the voucher
- Giving Mrs M a cash refund of £29.51
- Paying £75 compensation for the distress and inconvenience caused.

My final decision

I'm upholding this complaint and direct Great Lakes Insurance SE to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 17 April 2024.

Anna Wilshaw
Ombudsman