

The complaint

Mrs M has complained that Great Lakes Insurance SE has only part settled a claim she made for cancellation on a travel insurance policy. The policy provides cover only for Mrs M.

What happened

On 5 May 2023 Mrs M booked a holiday for herself and her husband that was due to start on 20 August 2023. She paid a deposit, with further instalments being due at the beginning of June, July and August 2023.

Her husband subsequently underwent a blood test for prostate cancer screening. On 26 May 2023 he received the results which showed a raised level of prostate-specific antigen (PSA). As a result of this, he was booked in to undergo a biopsy on 7 June 2023. However, on that day, the biopsy was unable to be performed due to him having a very high blood pressure reading. The biopsy was therefore re-scheduled. Initially it was for 1 August 2023 but was subsequently moved to 17 August 2023.

As the new date for the biopsy was just three days before the holiday was due to start, and her husband would not be able to recover in time, Mrs M cancelled the holiday and made a claim on the policy. At that point she had paid the June and July instalments for the holiday, but not the August 2023 one.

Great Lakes accepted the claim. However, it thought that Mrs M had been in a position to cancel the holiday sooner and that she had incurred extra costs as a result of not doing so. Therefore, its settlement amount was for only part of the cost Mrs M was claiming for.

Our investigator didn't think that Great Lakes had handled the claim fairly, so he upheld the complaint. He recommended that it should pay the claim in full, together with 8% simple interest.

Great Lakes disagrees with the investigator's opinion and so the complaint has been passed to me for 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.

I've carefully considered the obligations placed on Great Lakes by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for Great Lakes to handle claims promptly and fairly, and to not unreasonably decline a claim.

Looking at the policy terms, under '*Changes in health and other circumstances*', it states:

'You must tell Us as soon as reasonably possible if:

- *There are any changes in Your health or the health of anyone on whom Your trip may depend.*

We may reassess Your cover and premiums when We are told about changes in Your circumstances. If You do not tell Us about a change in Your circumstances, the wrong terms may be quoted, a claim might be rejected or payment could be reduced. In some circumstances Your Policy might be invalid.'

Also, under 'Claims conditions', it states:

'What is not covered

5. Any additional expenses resulting from You not cancelling Your trip as soon as reasonably possible after You become aware of the need to cancel.

Additional conditions applying to this section

- 1. If you fail to notify the tour operator, travel agent or transport or accommodation provider as soon as You become aware of the need to cancel Your trip, Our liability will be restricted to the cancellation charges that would have applied had such a failure not occurred.'*

As Mr M received his test results on 26 May 2023, Great Lakes considered that to be the date at which Mrs M was in a position to notify it about a change to her husband's health.

Mrs M says there was no confirmed change to her husband's health at that point. Taking the test wasn't due to him having any symptoms and was simply a routine test. And Mrs M has pointed out that a raised PSA level is not necessarily a signifier that someone has prostate cancer. This is supported by the NHS website which explains that PSA tests are unreliable.

The policy does state:

'Changes in health

If, after You purchase Your Policy or before booking any new trips or before starting a trip, any of the following happens:

- *You are diagnosed with a new medical condition; or*
- *You experience new or recurring symptoms or have an undiagnosed condition; or*
- *Your doctor or consultant adds to or changes Your prescribed medication; or*
- *You receive inpatient medical treatment; or*
- *You are placed on a waiting list for investigation or medical treatment;'*

Mrs M's husband was placed on a waiting list for investigation. However, the above clause very much relates to the policyholder's own change in health. As already mentioned, Mr M's husband was not covered under the policy. And the policy doesn't define what constitutes a change in health for someone else on whom the trip may depend.

Mrs M says she did try to call Great Lakes during June and July 2023 but kept getting a message about how busy it was due to the wildfires in Greece. She says she left messages with the promise of calls being returned, which they never were. Great Lakes says it can't

find any record of her calling during this period. She says that, as she didn't consider the matter to be urgent, she got fed up of trying to contact it. Instead she contacted the travel agent on 28 July 2023 to discuss the situation and was advised to contact her insurer, which she then did.

Had the biopsy gone ahead as scheduled on 7 June 2023, it seems likely that her husband would have recovered from the procedure in plenty of time to still go on the holiday. Even if the biopsy had taken place on the rescheduled date of 1 August 2023, there was still a good chance that he'd have been well enough to go. So, I'm satisfied that the earliest Mrs M would have known she'd have to cancel was when she found out that the appointment had been moved again to 17 August 2023. She found out about that around 28 July 2023.

Although she spoke to the travel agent on that date, she didn't finally cancel the holiday until 10 August 2023. However, she hadn't incurred any more costs during that time as she had not paid the instalment that had become due in early August 2023.

Great Lakes accepted the claim, so it's not in dispute that it is a legitimate claim. The question is whether Mrs M was in a position to cancel the trip sooner and thereby incur less cost.

Great Lakes hasn't been able to confirm what it would have done if Mrs M had made contact at the end of May 2023, once her husband's test results were known. There has occasionally been some confusion, because in corresponding with our investigator, it has sometimes responded to questions as if it was Mrs M who has medical conditions, rather than her husband. Regardless of that, the policy only sets out what constitutes a change in health for the policyholder. And I'm satisfied that Mrs M wouldn't have thought that the test results and the further tests her husband had to have, amounted to a change in health such that she should inform Great Lakes.

As already mentioned, I'm satisfied that Mrs M only knew that it would be impossible to continue with the trip once she was told that the date for the biopsy had been changed to 17 August 2023.

Taking everything into account, I don't think Great Lakes should have applied the proportionate deduction in the claim amount. Mrs M had paid a deposit of £917.90 for her and her husband. It's only Mrs M that is covered under the policy, therefore she is only entitled to claim her half share of that amount (£458.95). Great Lakes should now settle the claim for her full share, less any appropriate deductions such as for air passenger duty and the policy excess. It should also add 8% simple interest from the date when it part-settled the claim in August 2023 until the full settlement is paid.†

† HM Revenue & Customs requires Great Lakes to take off tax from this interest. Great Lakes must give Mrs M a certificate showing how much tax it's taken off if she asks for one.

My final decision

For the reasons I've explained, I uphold the complaint and require Great Lakes Insurance SE to settle the claim, with added simple interest, as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 7 June 2024.

Carole Clark
Ombudsman