

The complaint

Mrs D and Mr P complained that Great Lakes Insurance SE wouldn't pay their lost flight costs under their travel insurance policy and about its service. My references to Great Lakes include the business which administers the policy on Great Lakes' behalf. Mr P has led the claim and complaint so for simplicity I'll just refer to Mr P unless the facts require otherwise.

What happened

Mrs D and Mr P had a single trip travel insurance policy, starting 29 June 2020 and ending 7 July 2020. The insurer was Great Lakes. Due to the Covid-19 pandemic travel restrictions the airline cancelled the flights. In July 2020 Mr P claimed on the policy for the loss of the accommodation deposit, £372 flight costs and the cost of cancelled car hire, the latter was withdrawn when the car hire business refunded.

Great Lakes paid the claim for the accommodation costs less the excess. Great Lakes' letter of 1 December 2020 said it wouldn't pay for the flight costs as under EU legislation the airline was responsible to refund the cost of the cancelled flight. Great Lakes accepted Mr P's complaint that there had been delays in it processing the claim and paid £50 compensation for Mrs D and Mr P's distress and inconvenience.

After a lot of contact from Mr P, and delay, in April 2021 the airline agreed to give Mrs D and Mr P a cash refund but that didn't happen and ultimately in 2022 the airline credited them with a voucher to be used towards its flights. Mr P complained to the airline as he and Mrs D wanted a cash refund. As the airline didn't respond they decided to use the voucher to pay for flights scheduled for June 2023. However, in late 2022 the airline's licence to operate was suspended and in March 2023 it filed for insolvency so the voucher was unusable.

In April 2023 Mrs D and Mr P resubmitted a claim under their travel policy for the 2020 lost flight costs saying as the voucher was unusable they'd been unable to recover the cost from the airline.

In May 2023 Great Lakes declined the claim. Mrs D and Mr P complained to Great Lakes about the decline and its claim handling. Great Lakes' final response letter of September 2023 confirmed the claim decline. It said the policy didn't cover the lost flight costs as Mrs D and Mr P had been refunded the costs by way of the airline voucher. It suggested Mrs D and Mr P apply to be creditors with the administrator dealing with the airline insolvency.

Mrs D and Mr P complained to us about Great Lakes' refusal to pay the flight costs and its handling of their claim. Mr P said it had taken him 100 to 150 hours trying to achieve repayment from the airline and pursuing the claim with Great Lakes.

Our Investigator said Great Lakes had fairly declined the claim for the flight costs but its handling of the 2023 claim had been unreasonable. She explained why we couldn't now look at any concerns Mrs D and Mr P still had about Great Lakes' claim handling in 2020. She recommended Great Lakes pay £50 compensation for Mrs D and Mr P's distress and inconvenience, £25 each, due to its claim handling in 2023.

Mrs D and Mr P said they no longer disputed Great Lakes' refusal to pay the flight costs. But they want an Ombudsman's decision on their complaint about how Great Lakes handled the 2023 claim. They said Great Lakes didn't decide the claim within a reasonable timescale or explain the basis of its decision and £50 total compensation isn't enough given the time Mr P spent trying to get repayment of the flight costs and the obstacles he encountered. In summary they say:

- Great Lakes' initial email response to their claim of 22 May 2023 was 'incomprehensible' and there was no evidence that it had read the information submitted with the claim.
- On 25 May 2023 Mr P wrote to Great Lakes resubmitting the information and asking Great Lakes to reconsider but it didn't respond.
- On 18 June 2023 Mr P wrote to Great Lakes asking for a response to his previous email and he sent a detailed transcript of his communications with the airline to provide further evidence that he hadn't been able to get a refund, which took him about five hours to put together.
- Great Lakes didn't respond so on 16 July 2023 Mr P complained. On or about 3 August 2023 Great Lakes called saying it was checking the claim with its technical department but it believed Mrs D and Mr P had been reimbursed for the cost of the flights with the voucher issued by the airline. Great Lakes didn't call back the next day, as it said it might, and didn't respond in writing as Mr P requested.
- They only got a clear decision on the claim in Great Lakes' letter of 12 September 2023. It gave a different reason to the one given in its email of 22 May 2023. And it didn't address the complaint about how the claim had been handled.

Great Lakes didn't respond to our Investigator's recommendation but Mr P told us it had written to him saying it was arranging for £50 compensation to be paid, which he'd told it not to pay.

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 considered all the points Mrs D and Mr P have made but I won't address all their points in my findings. I'll focus on the reasons why I've made my decision and the key points which I think are relevant to the outcome 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.

Mrs D and Mr P have told us they no longer dispute Great Lakes not paying their flight costs so I've not considered that issue.

Our Investigator correctly explained that although Mrs D and Mr P were unhappy with how Great Lakes handled their original claim in 2020 we couldn't consider that matter. That's because the rules we operate under only allow us to consider complaints that have been brought to us within six months of the date of an insurer's final response letter. Great Lakes' final response letter about the 2020 claim handling was 1 December 2020, which meant the latest Mrs D and Mr P could have brought that complaint to us was 1 June 2021, and they didn't do so.

Mrs D and Mr P have confirmed to us that they had accepted the £50 compensation Great Lakes offered for the 2020 claim handling issue. They confirmed it's Great Lakes' claim handling in 2023 they're complaining about, so my decision is about that matter.

It's clear that Mr P spent a lot of time and had a lot of frustration trying to get a cash refund from the airline. Great Lakes isn't responsible for the airline's actions, so it's not responsible for any poor service issues, delay and time Mr P spent due to the airline's actions.

Great Lakes' email of 22 May 2023 to Mrs D and Mr P declining the claim says:

'As you may know that(sic) the insurance policy terms includes cover for any cost that is irrecoverable from another source.

Because we do have confirmation on a possible refund being processed and no support that the refund has not been provided we would not be able to settle this part of the insurance claim as you have been made aware previously'.

Mr P's main point about that email is the second paragraph makes no reference to the evidence he sent with the April 2023 claim which included his detailed account of his unsuccessful attempts to obtain repayment from the airline. He thinks Great Lakes hadn't considered that evidence when it made its decision in May.

I can't say for certain whether or not Great Lakes considered the information Mr P had already provided. I think it's likely that Great Lakes did consider the evidence as it knew the airline had offered a refund, albeit ultimately by a voucher. I don't think Great Lakes' email was 'incomprehensible', as Mr P suggests. But the email's wording could have been clearer and Great Lakes didn't specifically refer to the information he'd submitted which gave Mr P the impression it hadn't considered all his evidence which I understand was frustrating for him.

Great Lakes didn't respond to Mr P's emails of May and June 2023 until it called Mr P on 2 August 2023. Mr P had given the call date as on or about 3 August. Great Lakes' claim notes say in the call it told Mr P that as the airline had already compensated him by giving a voucher Great Lakes couldn't compensate further based on the policy terms and conditions. It confirmed its complaints team would investigate further and would refer the case to its technical team. I think it was fair for Great Lakes to update Mr P about its position. It didn't call back Mr P the next day, which I think was reasonable if it was checking with the technical team.

Great Lakes did set out its final decision about the claim in writing, as Mr P requested, in its final response letter of 12 September 2023. I don't think it gave a different reason for the claim decline, as Mr P suggests, but it gave a clearer explanation as to why it was declining the claim.

Under the Financial Conduct Authority rules a business has eight weeks to respond to a complaint and provide a final response letter so Great Lakes responded to Mr P's July 2023 complaint in a reasonable timescale. Its final response letter didn't comment on it not responding to Mr P's May and June 2023 emails until the 2 August call. I understand the wait must have been frustrating for Mr P particularly given the amount of time he'd already spent trying to get the refund from the airline. But as Great Lakes' contact was just over two months from Mr P's May email the delay wasn't wholly unreasonable.

Mr P says he's spent many hours in contact with the airline and Great Lakes. As I've said, Great Lakes isn't responsible for the airline's actions. I don't generally award compensation for a consumer's time spent making a claim and complaint and there's no reason for me to

do so on this case. Mr P says he spent about five hours putting together information about his interactions with the airline for Great Lakes, but it's for a consumer to provide evidence to support their claim.

Overall I think Great Lakes could have handled the claim better, with a clearer explanation in its initial claim decline email and a quicker review and response to Mr P's emails following the claim decline.

I'm satisfied that the £50 total compensation our Investigator recommended is a reasonable sum to acknowledge Mrs D and Mr P's distress and inconvenience due to its actions. Our Investigator suggested £25 each. From the evidence I've seen Mr P took the lead on the matter so I'll just award £50 in total and leave it for Mrs D and Mr P to decide the split, if any.

Great Lakes didn't respond to us about our Investigator's compensation recommendation but as I've seen it contacted Mr P direct about paying the compensation the evidence is that it agrees.

Putting things right

Great Lakes must pay £50 compensation in total to Mrs D and Mr P for their distress and inconvenience caused by its poor service in handling their 2023 claim, unless it's already made the payment to Mrs D and Mr P.

My final decision

I partly uphold this complaint and require Great Lakes Insurance SE to pay £50 compensation in total to Mrs D and Mr P for their distress and inconvenience caused by its poor service in handling their 2023 claim, unless it's already made the payment to Mrs D and Mr P.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D and Mr P to accept or reject my decision before 25 April 2024.

Nicola Sisk
Ombudsman