

The complaint

Mr and Mrs S have complained that Great Lakes Insurance SE has paid out a reduced amount on a claim they made on a travel insurance policy.

As it is Mr S leading on the complaint, I will mostly just be referring to him in this decision.

What happened

Mr and Mrs S had booked a ski trip abroad. However, they got stuck in traffic on the way to the airport due to a serious accident, and so missed their flight. That meant they also missed their connecting flight and had to spend the night in an airport hotel. They therefore made a claim on the policy for the additional costs incurred.

Great Lakes accepted the claim in part. It would not pay for food and drink costs incurred in the hotel. It also deducted an excess amount of £300. So, having made a claim for the sum of approximately £470, the settlement amount offered was only £24.

Our investigator thought that Great Lakes' assessment of the claim was reasonable. Mr S disagrees 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.

Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it's willing to cover and set these out in the terms and conditions of the policy document. The test then is whether the claim falls under one of the agreed areas of cover within the policy.

So, I've considered the terms of the policy held, as this forms the basis of contract between the parties. There are several terms within the policy which I consider relevant to the complaint.

Under 'Section 10 – Missed departure of missed connection', it states:

'This section of the Policy sets out the cover We provide to each Insured Person in total per Insured Journey, up to the sum insured shown in the "Table of Benefits", in the event that You arrive too late (as shown on Your ticket) to board Your pre-booked scheduled Public Transport at Your last departure point on Your outward journey or Your last departure point on Your return journey as a result of:.....

What is covered

1. *Your reasonable and necessary additional travel and accommodation expenses (room only) of a similar standard to the original booking, to allow You to reach Your trip destination or catch up on Your scheduled itinerary (for missed departure on Your outward journey) or to return Home (for missed departure from Your last departure point on Your homeward journey).*

What is not covered

1. *The Excess as shown in the “Table of Benefits”, unless the additional premium for Excess Waiver has been paid and is shown on Your Policy Schedule.’*

In the ‘Excess’ column of the table of benefits for Classic Cover, next to the missed departure section, it states: ‘£150’.

Under ‘Words with special meaning’, the definition of excess is defined as:

‘the amount of money You will have to pay per person per claim per section towards the cost of a claim.’

Mr S says that having to purchase food at the hotel was a direct consequence of the delay. They had booked self-catering accommodation and so were not expecting to pay hotel prices for their food. It’s not in dispute that they paid for food due to having to stay in the hotel for the night. The matter at hand here is whether that cost is covered under the policy terms. Looking at the above wording, it is clear that cover is only provided for additional travel and accommodation expenses. Specifying ‘room only’, sets out that other costs associated with additional accommodation (such as food and drink) are not covered.

Overall, I’m satisfied that Great Lakes has applied the policy terms correctly to decline the part of the claim relating to food and drink.

It is also clear from the above wording that any claim will attract an excess amount of £150 per person. Mr S says he would have expected any excess to be per claim as opposed to per person. He argues that this term was not made sufficiently clear to him in the summary documentation he was provided with, such as the insurance product information document (IPID). He doesn’t think that Great Lakes should be able to escape its liabilities due to terms only present in the small print.

The IPID does say that it is only intended to provide a summary of the main coverage and exclusions and that complete contractual information is provided in the policy documentation. And consumers have a 14-day cooling off period in which they can cancel the policy if, having checked the full terms, they decide it isn’t right for them.

As a summary, the IPID only needs to draw attention to the significant and unusual features of the policy. In practice these would be the main exclusions and restrictions on cover.

Unusual exclusions are those which aren’t found in the majority of policies on the market. Most, if not all, insurance policies, will have an excess as standard. And, contrary to Mr S’s view, it is not uncommon for the excess to apply per person as opposed to per claim. So, I’m satisfied that the excess is not a significant term that Great Lakes was required to draw to Mr S’s attention and highlight in the summary documentation.

In terms of whether a consumer should have to read the small print, I consider that, after purchasing a policy, it is reasonable to expect someone to check that the policy terms and conditions meet their needs.

I've thought very carefully about what Mr S has said. But overall, I consider that the settlement amount offered is reasonable and in line with the policy terms and conditions. It follows that I do not uphold the complaint.

My final decision

For the reasons set out above, I do not uphold this complaint. Great Lakes Insurance SE should pay the settlement amount now if it hasn't already done so.

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

Carole Clark
Ombudsman