

## **The complaint**

Mr and Mrs P complain Great Lakes Insurance SE unfairly declined a travel insurance claim.

Mrs P was travelling with her daughter. So my references will be to Mrs P.

## **What happened**

Mrs P holds a travel insurance policy which provides cover for her and her family. The policy is underwritten by Great Lakes.

In December 2023, Mrs P was travelling abroad with her daughter, for a short trip to a destination I will refer to as 'S'. They had booked flights from a UK airport to a city I will call 'F', with an onward flight to S.

The airline cancelled the original flight from F to S booked for 1 December 2023, and offered an alternative flight the following day on 2 December. However the airline later cancelled the alternative flight, and offered a new flight from F to S departing on 3 December 2023.

The original flight from the UK to F had taken place as planned. So Mrs P and her daughter reached F on 1 December 2023. But the replacement flight they were offered from F to S on 3 December would have given them a very short overnight turnaround in S before they had to fly home the next day. Mrs P decided this was not feasible and defeated the purpose of the trip. So she made other arrangements to fly back to the UK from F.

The policy terms for travel delay and abandonment are as follows.

“...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 or Your last departure point on Your return journey as a result of:

1. Adverse weather conditions (but not those defined as a Catastrophe).
2. Strike or Industrial Action.
3. Mechanical breakdown of the Public Transport on which You are booked to travel.
4. Cancellation by the transport provider of Your scheduled pre-booked international flight, ferry, train or coach.

### **What is covered**

1. Travel delay benefit:
  - a. For each complete 12 hours of delay; or
  - b. In the event of 4. (cancellation by the transport provider), corresponding to the delay in departure that You would have experienced had You waited for the earliest replacement travel arrangements offered by Your original transport provider, in the event that You choose to make earlier alternative travel arrangements.

2. In the event that You decide to abandon Your outward trip, the cost of:
  - a. Your unused non-refundable pre-booked travel and accommodation expenses which You have paid or are contracted to pay; and
  - b. Your unused non-refundable pre-booked airport parking, car hire, airport lounge pass and excursions which You have paid or are contracted to pay...”

Mrs P made a claim and Great Lakes turned it down. It said although the policy offered cover for travel delay and abandonment, this applied to delays from the first departure point on an outward journey and the last departure point on a return journey. It said as the issues were with a connecting flight on the outward journey and not the first departure, there was no cover.

Mrs P complained. Great Lakes said it thought it had been correct to decline the claim, as the circumstances of the delays and cancellations of the connecting flight were not covered.

Unhappy with the response, Mrs P brought her complaint to this service. She said she was unaware that she wouldn't be covered for the connecting flight, and said this was not made clear to her when she bought the policy.

An investigator here looked into what had happened and said they didn't think Great Lakes had acted fairly. They thought the restrictions on cover were not sufficiently made clear within the policy documents. They recommended Great Lakes pay the claim, plus interest on the settlement.

Mrs P made no comment on the investigator's view. However Great Lakes disagreed. In summary it said the sale was non-advised, it thought the terms of cover were displayed clearly within the policy and that the claim had been correctly declined. And it asked for a decision from an ombudsman.

So, the case has been passed to me to decide.

### **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.

And I've looked at the relevant rules and industry guidelines, which say Great Lakes has a responsibility to handle claims promptly and fairly and shouldn't reject a claim unreasonably.

Having done so, I don't think it was fair for Great Lakes to decline the claim. And I'll explain why.

The policy provides cover for travel delay and abandonment where there is a delay of more than 12 hours due to adverse weather conditions. And Mrs P's original flight from F to S and the first alternative flight she was offered, were both cancelled by the airline due to adverse weather. However, the policy specifies the cover is related only to the *“original scheduled departure time from your first departure point on your outward journey”*. Mrs P's flight from F to S was not the first departure point on the outward journey, as she and her daughter had already flown from a UK airport to F.

I accept the policy states the cover applies to the first departure point on an outward journey, or the last departure point on a return journey. And I've also gone on to consider whether I

think this was a significant restriction on the cover, which needed to be highlighted to Mrs P when she took out the policy.

It's not uncommon for travel to include multiple flights and destinations within one trip. Lots of consumers like Mrs P book connecting flights when traveling. And Mrs P has said she thought the cover for delayed and cancelled flights would apply to all of the flights needed to get to and from her destination.

The policy only provides cover for the first departure point on an outward journey, or the last departure point on a return journey. And I think this is a significant feature of the policy, which ought to have been made prominent in the policy terms and the Insurance Product Information Document (IPID).

Having reviewed the policy documentation, the information specifying which flights are covered is on page 38 of the 74 page policy booklet. I've also reviewed the IPID provided to Mrs P. There are sections headed 'What is not insured' and 'Are there any restrictions on cover' which provide a list of risks and circumstances which are not covered. However the restriction on cover for connecting flights is not listed.

Because of this, I'm not satisfied that this restriction on cover was brought to Mrs P's attention in a sufficiently clear way. And I'm persuaded that had the restriction been made prominent in the policy terms or IPID, Mrs P would likely have sought alternative cover elsewhere, to meet her needs.

I think Mrs P has been prejudiced by Great Lakes' failure to sufficiently highlight a significant restriction on its cover. And so I think it would be fair and reasonable for Great Lakes to pay the claim.

### **Putting things right**

Great Lakes should pay the claim in line with the cover for travel delay and abandonment, treating the connecting flight as though it were covered under this section, and subject to the remaining terms and conditions of the policy.

And, as the settlement has been delayed, Great Lakes should also pay Mrs P interest on the settlement amount.

### **My final decision**

For the reasons I've given, it's my final decision that I uphold this complaint and direct Great Lakes Insurance SE to do the following:

- pay the claim under the travel delay and abandonment section of the policy (as if this included cover for connecting flights) and subject to the remaining terms and conditions of the policy; and
- pay 8% simple interest on the settlement amount from the date the claim was originally declined, to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 28 October 2024.

Gemma Warner

**Ombudsman**