

The complaint

Ms P has complained that Great Lakes Insurance SE declined a claim she made on a travel insurance policy. She has also complained about poor service.

What happened

Ms P purchased travel insurance online at 00.27am on 11 May 2023 for a trip abroad she was due to go on later the same day.

Her partner, who lives abroad, had arrived in the UK on 10 May 2023 and they were then due to go on holiday together the following day. He felt extremely unwell on the morning of 11 May 2023 and was unable to travel. Ms P therefore made a cancellation claim on the policy.

Great Lakes originally declined the claim on the basis that the policy didn't cover the full duration of the trip. Ms P explained that her daughter had bought the policy on her behalf and had mistakenly inputted her own travel dates, forgetting that her mother was coming back a day later. Great Lakes then agreed it would assess the claim as a gesture of goodwill.

However, Great Lakes then declined the claim again on the basis that the reason for the claim had been foreseeable at the time Ms P had purchased the policy.

Our investigator thought that Great Lakes had acted reasonably in declining the claim. But he thought that there had been some poor service and unnecessary delays, so he recommended that Great Lakes should pay £100 compensation for the distress and inconvenience caused.

Ms P 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.

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.

Looking at the policy terms, under the Cancellation section, it states:

'What is not covered

3. Any claim arising from circumstances that could reasonably have been anticipated at the time the trip was booked or the Policy was purchased, whichever is later.'

As Ms P had purchased the policy on the morning that she was due to travel, Great Lakes concluded that it was likely that she knew when buying the policy that she might have cause to cancel the trip and make a claim.

Ms P says that is not the case. Her partner was perfectly well when he arrived in the UK the day before and that he wouldn't have travelled to the UK if he'd been feeling ill. He showed no symptoms that day or evening until he went to bed. The first she knew of him being unwell was when he woke up in the morning.

She says the reason for buying the policy when she did was that, just before going to bed, she contacted her daughter to double check she'd organised the insurance as agreed. Her daughter had forgotten to do it and so went online and purchased it then.

Her partner's condition worsened and he went to hospital on 13 May 2023. As our investigator has explained, the NHS record of that visit states that he presented with a three-day history of symptoms. That would suggest that his illness started on 10 May 2023.

Ms P has explained that her partner actually said something like 'today is the third day', meaning he became unwell on 11 May 2023, and that some misunderstanding may have occurred due to English not being his first language.

She says that if they had known he was unwell on 10 May 2023 they could have cancelled the hotel on that date and received a full refund. She also didn't contact the taxi company until 11 May 2023. However, neither of these things provide conclusive proof that her partner had not started to feel unwell until after she bought the policy.

She says they didn't know what was wrong with him on the morning of 11 May 2023 and so they re-arranged the flights for two days later, thinking he had caught a virus and would have recovered enough by then. But not knowing how serious his illness would become is not the same as not knowing about it at all.

I've thought about what Ms P has said. However, I also have to consider the possibility that her partner started to feel unwell on 10 May 2023, they were hopeful that it would pass and were waiting to see, but in the meantime took out insurance just in case.

Of course, it could be a coincidence that Ms P's partner became unwell shortly after she had taken out the insurance. But the question for me is whether it was reasonable for Great Lakes to conclude that she could have anticipated that she might need to make a claim.

Where the evidence is incomplete, inconclusive or contradictory, I have to reach my decision based on what is most likely to have happened, given the information that is available to me. On balance, I think it was fair for Great Lakes to look at the information provided to conclude that Ms P could reasonably have foreseen that she might need to make a claim. Overall, it was reasonable for it to decline the claim.

I'll turn now to the level of service that was provided. In its final response letter, Great Lakes accepted that there had been delays and poor service and apologised for it. Our investigator has previously set out the chain of events, including that Great Lakes incorrectly indicated to Ms P that the claim had been accepted, so I won't repeat it all here.

Ms P has said that she feels a higher level of compensation should be paid. As an informal dispute resolution service, our awards are lower than Ms P might expect. On balance, I'm satisfied that £100 is an appropriate amount for the distress and inconvenience caused.

My final decision

For the reasons set out above, my decision is that the claim was declined reasonably. However, Great Lakes Insurance SE should pay Ms P £100 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 21 October 2024.

Carole Clark
Ombudsman