

The complaint

Miss I and Mr P have complained that Great Lakes Insurance UK Limited declined a claim they made on a travel insurance policy.

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

What happened

Mr P purchased annual cover on 23 October 2023, with a start date of 4 November 2023, which coincided with the date of a planned trip abroad.

Miss I's father (whom for ease I will call Mr I) became unwell and underwent tests, which resulted in them cancelling the trip. They therefore made a claim on the policy for unused costs.

Great Lakes declined the claim on the basis that the circumstances weren't covered under the policy terms. In particular, that the trip had been cancelled prior to active cover starting on 4 November 2023.

Our investigator thought that misinformation provided to Mr P had unnecessarily raised his expectations, so he recommended £100 compensation. However, he thought that Great Lakes had acted fairly in declining the claim, in line with the policy terms and conditions.

Mr 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.

Looking at the policy terms, in relation to the start of cover, it states:

'Annual Multi-Trip policies:

Cover for the cancellation of Your Insured Journey starts on the date shown as the start date on Your Travel Insurance Certificate and Schedule or from the date the Insured Journey is booked (whichever is later).....'

As Mr P chose a start date of 4 November 2023 but then cancelled the trip prior to that date, it seems clear that the claim is not covered under a strict interpretation of the policy terms. However, his argument is that the timing of the cancellation was as a result of reassurances he received from Great Lakes that the circumstances would be covered.

Mr P made four calls to Great Lakes prior to cancelling the trip, two on 25 October 2023 and two on 27 October 2023.

During the first two calls, Mr P makes a point of telling the adviser that the policy start date is 4 November 2023. In spite of this, he is informed that he would be covered if he were to cancel. Although our investigator thought the adviser made the same error during the third call, I think that's less clear cut.

Nevertheless, there's no doubt that Mr P was given the wrong information. If things had happened as they should, Mr P would have been told that he wasn't covered if he cancelled the trip prior to the policy start date. So, I've considered whether, to compensate for that, I should ask Great Lakes to pay the claim. However, when considering compensation, I need to think about the loss that Mr P suffered as a result of any error. An important consideration of that is whether Mr P would have acted differently had he been given the correct information.

Mr P says the biopsy test results weren't shared with him until 8 November 2023. Prior to that they were unaware of the gravity of Mr I's illness. Therefore, that marks the date when a decision would have been made about cancelling if it hadn't been for the misinformation received.

I've listened to the calls listed above. In call one he says that Mr I has a serious illness. In call two he explains that he is probably going to cancel the trip but asks if he should wait for the outcome of initial tests the next day. In call three he says Mr I has been diagnosed with something related to cancer. He asked about the process because he was able to get a partial refund from the airline if he cancelled within a certain timeframe. In call four he says that he needs to cancel but wants to enquire if the claim would be covered because Mr I had suffered from a similar condition in 2020.

Mr P has provided a list of some of the calls he made to Great Lakes and when and where he made them from. It shows that on 2 November 2023 he had already travelled to Mr I's country of residence. I think that shows they were sufficiently concerned about Mr I's health as to want to be by his side. Going on their planned trip under those circumstances seems unlikely.

Based on the available evidence, had the correct information been provided, I consider it more likely than not that Mr P would have cancelled the trip anyway, at the time he did, to benefit from the partial refund provided by the airline.

He says that, had the diagnosis of 8 November 2023 been more favourable, they would have been open to rearranging their flights to a later date, thereby not missing all of their trip. However, I'm unable to look at hypothetical events (in terms of what might have happened), only at what did happen. Unfortunately, the test results were unfavourable and required Mr I to undergo immediate treatment. Also, as our investigator has mentioned, cancellation cover is only applicable up to the point when the planned trip is due to start.

I have a great deal of sympathy for Miss I and Mr P's situation. They had to cancel their trip due to circumstances outside of their control, at the same time as coming to terms with the ill-health of a relative. However, the matter at hand is whether those circumstances are covered under the policy terms – and I'm afraid to say that they are not. Overall, I consider it was reasonable for Great Lakes to decline the claim, in line with the policy terms.

I've thought about everything Mr P has said and the impact of the misinformation that was provided. On balance, I'm satisfied that £100 is an appropriate amount to compensate for the distress and inconvenience caused.

My final decision

For the reasons set out above, I uphold the complaint and require Great Lakes Insurance UK Limited to pay £100 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss I and Mr P to accept or reject my decision before 20 March 2025.

Carole Clark
Ombudsman