

The complaint

Mrs and Mr B complain that Great Lakes Insurance SE declined their travel insurance claim. My references to Great Lakes include its agents.

What happened

Mrs and Mr B had a Gold level annual multi-trip travel insurance policy insured by Great Lakes. They were due to fly abroad for a holiday on 29 August 2023 at 13.00. In the morning of that day Mrs and Mr B received an email from their holiday provider telling them their flight had been delayed but to go to the airport and check-in as normal.

Mrs and Mr B checked-in and boarded the plane. After some time sitting on the plane due to illness of a crew member Mrs and Mr B and the other passengers had to get off as the plane no longer had clearance to land at the destination airport due to curfew. They were accommodated at an airport hotel for the night, paid for by the holiday provider. The delayed flight eventually left the UK at 10:26 the next day. Mrs and Mr B claimed on the policy under the travel delay section.

Great Lakes declined the claim. It said an airline crew member's illness wasn't an insured event under the 'Travel Delay' section of the policy. It suggested that Mrs and Mr B apply to the airline for compensation.

Mrs and Mr B complained to us. They said as their flight had been delayed by at least 12 hours their claim was covered by the policy wording. They'd asked the holiday provider for compensation but it refused. Mrs and Mr B said they'd lost one day of their holiday for which no one was taking responsibility and they had the inconvenience and stress of the delay and spending time pursuing the claim which Great Lakes should have paid.

Our Investigator said Great Lakes had fairly declined the claim.

Mrs and Mr B disagreed and wanted an Ombudsman's decision.

What I provisionally decided – and why

I made a provisional decision that I was intending to uphold the complaint. I said:

'I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances 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.

I think Great Lakes unreasonably declined the claim and unfairly dealt with the claim. I'll explain why.

The policy terms under the 'Travel delay and missed departure' section say:

'The benefit provided under 1. below is intended to provide compensation if you are delayed at your point of departure and is only applicable if you have travelled there and checked-in. If you have not travelled to your departure point you will not be covered even if you have checked-in online.'

What IS covered:

1. *A delay resulting in you departing at least 12 hours after your original scheduled departure time; and*
2. *Abandonment of your trip following a 12 hour delay at your first international departure point in the UK; and*
3. *Arriving too late (as shown on your ticket) to board your booked transport at your last departure point from the UK or your last departure point for your return to the UK as a result of:*
 - a. *Public transport services failing to get you to your departure point due to strike, industrial action, adverse weather conditions, mechanical failure or direct involvement in an accident; or*
 - b. *The private motor vehicle in which you are travelling being directly involved in an accident or breaking down.*
 - c. *A delay involving the vehicle in which you are travelling in because of unexpected and unforeseen heavy traffic or road closures that were sufficiently severe to warrant reporting on a recognised motoring association web site, Highways Agency website, on television, news bulletins or in the press.*

We will pay you up to the amount shown in the Policy limits and excesses table for the level of cover you have selected for:

Delayed departure

- *A benefit for the first complete 12 hours of your delay, then*
- *A benefit for every complete 12 hour delay after that'.*

The table of Policy limits and excesses says that for the Gold level cover, which Mrs and Mr B have, the travel delay benefit is £35 for each full 12 hours delay up to £350 with no excess.

I've seen evidence to satisfy me that Mrs and Mr B checked-in at the departure airport. The letter from the holiday provider said Mrs and Mr B were scheduled to depart on 29 August 2023 at 13:00 but actually departed at 10:26 on 30 August 2023, a delay of 21 hours and 26 minutes. I think that means Mrs and Mr B's situation was an insured event under point 1 above which says there's cover for '*A delay resulting in you departing at least 12 hours after your original scheduled departure time*'.

Great Lakes says the reason for Mrs and Mr B's delay, air crew illness, isn't an insured reason. But the policy doesn't say there has to be specific reasons for the delayed departure. The insured event at point 1 above is just that there's been a delay of at least 12 hours.

It's not clear whether Great Lakes thinks that a to c above apply to the insured event at point 1 but I don't think that's a reasonable reading of the policy. Points 1, 2 and 3 are set out as standalone insured events and a to c above apply to point 3 only, giving the insured reasons for when a consumer arrives too late to board the booked transport.

I think the policy is clear that Mrs and Mr B's claim is an insured event under point 1 above. If Great Lakes meant for a to c above to apply to the insured event at point 1 that's not clear by the policy wording. If a policy term is unclear then generally I consider that it's fair to interpret the policy wording in favour of the consumer, and it's fair in this case for the reasons I've given.

The policy gives travel benefit of £35 for each full 12 hours of delay. I understand that the benefit is payable per insured person. Mrs and Mr B were delayed for 21 hours 26 minutes so Great Lakes should pay Mrs B £35 travel delay benefit and the same to Mr B, a total of £70 in benefit.

I appreciate Mrs and Mr B missed a day of their holiday but I can't see there's any cover under the policy for the cost of the day they missed. It would be unusual for a travel insurance policy to cover that cost in these circumstances.

I think it should have been clear to Great Lakes that Mrs and Mr B's claim for travel delay benefit was payable so it's reasonable for it to pay interest on the benefit as I've set out below. For the same reason I think it's reasonable for Great Lakes to pay Mrs and Mr B £100 compensation for their unnecessary distress and inconvenience in making the complaint.

Airlines have their own responsibilities to passengers where a flight has been delayed or cancelled. The Civil Aviation Authority's website sets out more details of consumer's rights in certain circumstances. Mrs and Mr B may want to look into whether they are due compensation from the airline. Even if they are that doesn't change my decision that Great Lakes should pay the travel delay benefit as I've set out. Where a consumer is successful in getting compensation from the airline I wouldn't generally think it's fair for an insurer to reduce any fixed benefit payment for travel delay under their travel insurance policy. That's because the fixed benefit isn't intended to indemnify the consumer for their financial loss, it just pays out a set amount per time period for the delay'.

Responses to my provisional decision

Great Lakes and Mrs and Mr B accepted my provisional 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.

As Great Lakes and Mrs and Mr B have accepted my provisional decision I've no reason to change my mind and I uphold the complaint.

For the reasons I've given in my provisional findings and these findings I think Great Lakes unreasonably declined Mrs and Mr B's claim for travel delay.

Great Lakes must pay Mrs B £35 travel delay benefit and the same to Mr B, a total of £70 in benefit, as set out under the policy terms. As it should have been clear to Great Lakes that Mrs and Mr B's claim for travel delay benefit was payable it's reasonable for Great Lakes to pay interest on the benefit as I've set out below and for it to pay Mrs and Mr B £100 compensation for their unnecessary distress and inconvenience in making the complaint. Great Lakes has now agreed to make those payments.

My final decision

I uphold this complaint and require Great Lakes Insurance SE to pay Mrs and Mr B:

- A total of £70 travel delay benefit (£35 each) plus interest* at the simple rate of 8% per year from the date of claim to the date of settlement, and
- A total of £100 compensation for their distress and inconvenience its poor claim

handling caused.

*If Great Lakes Insurance SE considers that it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mrs and Mr B how much it's taken off. It should also give Mrs and Mr B a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

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

Nicola Sisk
Ombudsman