

The complaint

Mr and Mrs L have complained about the way Great Lakes Insurance UK Limited handled a claim they made on a travel insurance policy.

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

What happened

Mr L and his family were on a ski trip abroad in April when his daughter, and then his wife, became unwell. He therefore made a claim on the policy for medical expenses and unused ski pack costs.

Mr L challenged the settlement amount, after which Great Lakes made further payments. However, it deducted the excess (£50 each for his daughter and wife) from the total payout. Mr L was unhappy with this as he believed he had met the conditions under the policy whereby the excess would not be charged.

Great Lakes subsequently refunded one £50 excess and then the other. Mr L says it did this in agreement that the excess had been incorrectly deducted, whereas Great Lakes says it was refunded as a gesture of goodwill.

In responding to the complaint in its final response letter, Great Lakes acknowledged that there had been an initial miscalculation. Therefore, it upheld this part of the complaint and apologised for it. However, it maintained its position that it had made a valid deduction of the excess and that the £100 payment had been a gesture of goodwill.

Our investigator didn't uphold the complaint because, although the claim settlement was initially miscalculated, Great Lakes rectified that within a reasonable amount of time. She also thought that it should have made it clearer that the excess amount was being refunded as a gesture of goodwill, but that, overall, the refund of the excess was sufficient compensation for the impact of the errors that had occurred.

Mr L 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.

The complaint involves the actions of the claim administrators, acting on behalf of Great Lakes. To be clear, when referring to Great Lakes in this decision I am also referring to any other entities acting on its behalf.

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.

His daughter's settlement went from an initial payment of £90 to £459.44. His wife's settlement increased from £145.45 to £195.45. As Mr L has said, no new information was provided in the interim for Great Lakes to amend its decision. Therefore, it is clear that there were errors in the claims process. However, Great Lakes has accepted that its claims handling was poor. Although Mr L says he has never received an apology for this issue, I find that he has.

The final response letter states: *'I apologise for the miscalculating of the claims but understand that this has been rectified along with an apology'*. Mr L says he had not previously received an apology. However, having listened to the phone call that Mr L had with a manager on 5 June 2024, I note that the manager apologised for all the issues he encountered with the claim and was trying to resolve it by offering a refund of the second £50 excess payment. This apology was repeated more than once.

Looking now at whether the excess should have been deducted or not, the policy terms state:

'If you are travelling in a country with which the United Kingdom has a reciprocal health agreement You, should use the Reciprocal Health Agreement to reduce Your medical claim. If you do so the Excess will not apply to Your medical claim.'

Mr L says he presented the GHIC card to the treating doctor who confirmed that the clinic did not accept GHIC. His argument is that, in presenting the card, he did 'use' it as required under the policy terms. Furthermore, the terms don't state how much the cost of the treatment has to be reduced by as a result of presenting the card. In his case, having used the card correctly, it had the effect of reducing the bill by zero.

I understand Mr L's argument, but I am not persuaded by it. The GHIC card can only be said to be used if presented at a public facility that would ordinarily accept it. Contrary to what Mr L has said, use of the GHIC card would not always result in the treatment being completely free, it would depend on the type of treatment and the country. So, I don't find the policy term above to be problematic in setting out that a reduction in cost must be achieved for the excess to be waived.

Mr L says he was in a remote ski resort and that was the only doctor available. Whilst I don't doubt that Mr L acted in the best interests of his family, that doesn't mean that Great Lakes should disregard the relevant terms in the policy. Overall, I consider that it acted reasonably in deducting the excess of £50 from each claim.

Mr L is adamant that Great Lakes agreed it had deducted the excess incorrectly and that's why it refunded it. He says this primarily because an email from the manager dated 28 May 2024 said: *'I am pleased to advise that I have arranged payment in the sum of £50.00 for the excess previously deducted, and this should show in your account ending 8706 shortly.'*

Mr L is determined to hold Great Lakes to this statement, despite it later clarifying that it had mistakenly omitted to say that sum was being refunded as a gesture of good will and apologising for that omission.

I understand that Mr L has been given mixed messages. Listening again to the call he had with the manager on 5 June 2024, he tries to get her to agree that the excess was deducted in error, in accordance with her email. However, in response, she repeatedly says that she

made an error in the email by not setting out that it was a gesture of good will payment and apologises a number of times for that omission.

I've thought very carefully about what Mr L has said and appreciate that he feels very strongly about the points he has raised. There is no doubt that the claim was poorly handled at the start and that some confusion was created around the issue of the excess, all of which required Mr L's time and trouble to try and sort out.

However, overall, I am satisfied that Great Lakes has addressed his complaint about the initial mishandling of the claim and why the excess was deducted and then refunded, apologising for both of these issues. I also consider that its offer of £100 as a gesture of goodwill is reasonable compensation for the distress and inconvenience caused. It follows that I do not uphold the complaint.

My final decision

For the reasons set out above, I do not uphold the complaint.

As I understand it, Great Lakes Insurance UK Limited has already refunded the £100 excess amount as a gesture of goodwill for the poor service that occurred. Therefore, I am not asking it to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs L to accept or reject my decision before 24 February 2025.

Carole Clark
Ombudsman