

## **The complaint**

Mr and Mrs H are unhappy with how Great Lakes Insurance UK Limited dealt with a claim they made on an annual travel insurance policy.

As it is Mrs H leading on the complaint, I will mostly just be referring to her in this decision.

## **What happened**

Mr H was diagnosed with a serious medical condition in June 2024. This resulted in them having to cancel a number of upcoming trips. The value of the claim was around £9,000.

Great Lakes declined the claim on 13 July 2024, having assessed the medical condition as a pre-existing condition that was excluded under the policy terms.

Upon Mrs H appealing the decision, Great Lakes subsequently accepted the claim on 18 August 2024.

In response to the complaint, Great Lakes acknowledged that there had been some delays but attributed this to its normal business process in authorising a claim. So, it didn't uphold this part of the complaint. It did however accept that there had been some poor service, for which it apologised.

After Mrs H referred the complaint to this service, Great Lakes reviewed the case and said that it could have settled the claim by 24 July 2024 because that's when it had all the available evidence to do so. So, it offered to pay 8% interest on the claim amount from 24 July 2024 until the date payment was made on 20 August 2024. In addition, it offered £100 compensation for distress and inconvenience.

Our investigator didn't think Great Lakes had acted fairly. She thought the offer of 8% simple interest on the claim amount was sufficient compensation for the delay. However, she recommended that the award for distress and inconvenience should be increased to £200. Mrs H 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.

Mr H had a pre-existing medical condition that he had declared. Unfortunately, he was then diagnosed with a similar, but much more serious, type of condition.

As part of the claims process, his GP provided a medical certificate to Great Lakes. The GP made it clear on this form that the new condition was unrelated to the pre-existing condition. Great Lakes appears to have overlooked or disregarded this information, to decline the claim. This resulted in Mrs H having to challenge the decision.

The GP had sent the medical certificate directly to Great Lakes. As I understand it, due to the claim being declined, Mrs H then obtained a copy to see what it said. They of course knew of Mr H's prognosis, but Mrs H has explained how upsetting it was to see it in writing at that time.

During the period when Great Lakes was re-assessing the claim, it sent Mrs H numerous emails. These include emails sent between 14 August to 19 August 2024 asking for additional medical information. I consider these to be particularly insensitive given the nature of Mr H's illness, his prognosis and the fact that it already had the necessary evidence from the GP.

Mrs H nevertheless had to go to the trouble of asking the GP for an additional letter. She received a helpful email back from the surgery, setting out that the medical certificate had clearly stated that the conditions were not related and that a letter from the GP would be of no more value. It was following receipt of this email that Great Lakes reversed its decision and accepted the claim.

I am satisfied that Great Lakes had enough information to settle the substantive part of the claim upon assessment of the medical certificate, which was on 24 July 2024.

Great Lakes belatedly acknowledged this point. As mentioned above, it did not originally uphold this part of Mrs H's complaint. That no doubt added further to the distress caused. It would be very upsetting to have to continue to pursue the complaint, especially at such a difficult time of coming to terms with Mr H's illness.

Mrs H has also complained that, upon offering a settlement amount, Great Lakes tried to avoid paying the Air Passenger Duty (APD). In common with all travel insurance policies, this policy doesn't cover costs that are recoverable elsewhere. It is usually the case that the APD is refundable by the airline. Therefore, I don't think Great Lakes acted unreasonably in not covering it in the first instance. As soon as Mrs H provided evidence that she was unable to re-coup the amount from the tour operator, Great Lakes paid out for the APD, which was fair.

I appreciate that Mrs H has no interest in financial compensation for herself. However, she feels strongly that Great Lakes should be sanctioned or fined for its behaviour and that the compensation award should be sufficient to act as a deterrent against repeated poor service.

It's important to make clear that, as our investigator explained, we're not the industry regulator. We have no power to regulate the financial businesses we cover, nor to direct them to change their processes or procedures. Our role is to investigate individual complaints made by consumers to decide whether, in the specific circumstances of that complaint, a financial business has done something wrong which it needs to put right. My role here is to decide whether, on the facts of this case, Great Lakes treated Mr and Mrs H fairly. And I find that it did not treat them fairly or reasonably.

Furthermore, as an informal dispute resolution service, our awards are more modest than Mrs H might expect and probably less than a court might award. Therefore, whilst concluding that the standard of service provided by Great Lakes fell far short of what Mrs H had the right to expect, overall, I consider that £200 is a reasonable and proportionate amount of compensation for the distress and inconvenience caused.

### **My final decision**

For the reasons set out above, I uphold the complaint.

Great Lakes Insurance UK Limited should pay 8% simple interest on the claim amount from 24 July 2024 to the 20 August 2024. It should also pay £200 compensation for distress and inconvenience.

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

Carole Clark  
**Ombudsman**