

The complaint

Mr D is unhappy with what Great Lakes Insurance SE did following claims he made on his travel insurance policy.

What happened

In January 2023 Mr D was involved in an altercation with a security guard while on holiday. As a result he was admitted to hospital for six days and the security guard pressed charges against him for battery (which were subsequently dropped). Mr D claimed on his policy for medical expenses, assistance with his legal costs and other expenses. Great Lakes thought policy exclusions applied meaning the claim wasn't covered.

That issue was considered in a previous complaint to our service. Our investigator didn't think the exclusions applied and said Great Lakes should reassess the claim against the remaining policy terms. If the claim was accepted it should consider both the financial and non-financial losses Mr D had claimed for. Both sides accepted his outcome.

Great Lake subsequently accepted Mr D's claim for medical expenses and curtailment which I understand it's now settled in line with the policy terms. And it offered £200 in recognition of the distress and inconvenience its errors had caused. However, it didn't agree his legal expenses claim was covered by the policy. Mr D argued it was. He didn't think the proposed compensation recognised the fact he'd been unable to work for seven weeks because of stress related trauma. He said Great Lakes should make good faith payments to cover other costs which weren't covered by the policy. And he should receive significant compensation for the distress, mental anguish and time dealing with his claim had caused.

Our investigator didn't think Mr D's legal expenses claim was covered under either the personal liability or legal protection sections of his policy. He should have been able to take advantage of the telephone advice line the policy provided. But given the limited nature of that service he didn't think it would have been of significant assistance to Mr D in resolving the legal issues he faced. He thought some of the stress Mr D had been caused resulted from the assault itself and not Great Lakes' handling of his claim. And while Mr D had been off work he'd been paid during that time so there was no financial loss to him as a result of that. He also didn't think it was unfair Great Lakes had limited payment for curtailment costs to those which fell within the policy limit.

However, he didn't think it was reasonable of Great Lakes to have relied on the exclusions it initially cited to turn down Mr D's claim. That caused avoidable delay in matters being resolved. It also meant Mr D had to spend unnecessary time communicating with Great Lakes and its representatives about these issues.

Taking into account the overall claims journey (including that it would always have taken Great Lakes some time to gather evidence and assess the claim) he thought it should pay Mr D a total of £1,500 (inclusive of the £200 it had already offered).

Great Lakes didn't respond to his view. Mr D did provide further comments. He said:

- He thought his legal expenses claim should be covered by the personal liability section of the policy. The reference to “any person” within that term didn’t say that had to be someone other than himself. And in this case he was legally liable for bodily injury both to the security guard (who had pressed charges against him which referenced bodily injury) and to himself. And he thought that would constitute accidental bodily injury.
- He said because advice wasn’t provided by the helpline offered by the ‘Legal Protection’ section of the policy he had no choice but to pay the legal costs to defend himself as there was no other option (and Great Lakes had failed to provide him with other options that might have avoided him incurring those costs).
- He accepted some of the points our investigator made in relation to compensation but highlighted the amount of distress this matter had caused him which resulted from what he regarded as the negligent, damaging and unscrupulous behaviour of Great Lakes. He didn’t accept he’d contributed to any of that delay and didn’t agree £1,500 was enough to recognise the impact on him of what happened.

So I need to reach a final 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 relevant rules and industry guidelines say Great Lakes has a responsibility to handle claims promptly and fairly. It shouldn’t reject a claim unreasonably.

In this case Great Lakes has now settled Mr D’s claim for medical expenses and curtailment. Our investigator addressed the outstanding issues Mr D raised in relation to this, in particular why Great Lakes didn’t need to make payment for curtailment beyond the policy limit. And it appears Mr D has accepted the position on that; his outstanding concerns relate to the compensation for distress and inconvenience which I’ll consider later in this decision. But I’ve thought first about Mr D’s claim for legal expenses and whether Great Lakes has fairly concluded this isn’t something which is covered by his policy.

The terms and conditions of Mr D’s policy do cover personal liability and say:

“If in the course of a Trip you become legally liable for Accidental Bodily Injury to, or the death of, any person and / or accidental loss of or damage to their property then on condition that there is no other insurance in force covering the loss, the material damage or Your liability, We will cover You (or in the event of Your death, Your legal personal representatives) against

- *all sums which You shall become legally liable to pay as compensation; and*
- *all law costs awarded to any claimant or incurred in the defence of any claim that is contested by Us or with our consent”*

However, the legal costs Mr D was seeking assistance with didn’t result from any legal liability for accidental bodily injury. They relate to costs incurred in defending the criminal charges that were brought against him in the place where the altercation took place. I don’t consider those costs are ones that are covered by this section of the policy at all.

And while Mr D says the reference to “any person” doesn’t say that has to be someone other than himself I think that wording needs to be read in the context of the term as a whole. That separately references “you” becoming legally liable for accidental bodily injury to any person.

It's not clear to me in any case how Mr D could be legally liable for injury to himself. So regardless of whether the injuries in this case could be deemed accidental I don't consider the costs incurred by Mr D in defending a criminal claim would reasonably fall within this section of cover.

The policy does also provide cover for 'Legal Protection'. That says "*we will provide telephone advice, guidance and assistance on any legal problem, which arises in connection with a Trip or in connection with Your Home. This service is available when You start Your Trip until 7 days after you return Home*". The policy goes on to say "*if you suffer death, illness or personal injury during the Trip, or if Your Home suffers damage during the Trip, then in the event that You or Your personal representatives decide to take legal proceedings in pursuit of compensation, and We consider that You are likely to achieve a reasonable settlement we will advance on your behalf...up to £25,000 in total under this policy per Insured Person for legal costs and expenses directly incurred in the pursuit of these proceedings*".

Again. I don't consider the circumstances giving rise to Mr D's claim make it eligible for funding under this section. I appreciate Mr D did suffer personal injury, but I understand he hasn't (to date) decided to take legal proceedings in pursuing of compensation. The legal costs he's incurred so far are in relation to defending the criminal charges that were brought against him. That isn't something the 'Legal Protection' section of his policy covers (it might assist if Mr D did want to pursue a compensation claim).

Mr D should nevertheless have been able to access the telephone assistance line provided by his policy. It doesn't appear to be in dispute that service wasn't offered to Mr D. However, even if it had been I don't think Mr D would be in a materially different position. The advice provided by the assistance line wouldn't have extended to representing his interests in the proceedings against him; it's unlikely to have gone beyond providing relatively general advice and guidance on his next steps. I understand why Mr D felt he had no choice but to defend the charges against him by instructing his own lawyer, but I think that's something he'd need to have done even if he'd been able to speak to the helpline. So I don't think his legal costs are ones for which Great Lakes is responsible because they weren't incurred as a result of what it got wrong.

Turning to the compensation I don't think it's in dispute Great Lakes has been fault here. I agree with our investigator it shouldn't have turned down Mr D's claim for medical expenses and curtailment on the basis of the exclusions it cited. And while it would always have needed to gather evidence to assess the claim and would have needed a reasonable period of time to review it I think it's fair to say if it had acted correctly the claim would have been settled significantly earlier than was in fact the case.

I also recognise this was a particularly difficult time for Mr D who was recovering from the physical injuries he'd suffered and the mental impact on him of what had happened. That isn't something Great Lakes is responsible for but I think that context will have exacerbated the impact on him of what it got wrong. I think that will have caused substantial distress over a sustained period of time.

I also recognise that while there may have been occasions when Mr D was reluctant to engage with Great Lakes that was likely because he'd lost trust in it. And that resulted from failings which had already occurred in the handling of his claim. However, having taken into account our guidance on awards of this nature (which is available on our website and which our investigator has already flagged to Mr D) I think a total compensation payment of £1,500 is appropriate in the circumstances of this case.

My final decision

I've decided to uphold this complaint. Great Lakes Insurance SE will need to put things right by paying Mr D total compensation of £1,500 to recognise the avoidable distress and inconvenience caused by what it got wrong.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 27 March 2025.

James Park
Ombudsman