

The complaint

Mr and Mrs B complain that Great Lakes Insurance UK Limited retrospectively declined a claim under their travel insurance policy.

What happened

Mr and Mrs B took out a single trip policy on 6 June 2023. The cover period was between 16 November 2023 and 6 May 2024, and the trip destination was to a country I'll call "A".

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my 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.

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of Mr and Mrs B's complaint.

Great Lakes didn't sell the policy – Mr and Mrs B's complaint about the sale of the policy is considered separately against the seller. In this decision, I've only considered if Great Lakes acted fairly and reasonably in the way it applied the policy terms on Mr and Mrs B's claim. Having done so, I think it did.

Mr and Mrs B only had cover for travel to A. But their trip included travelling to several other countries – including their first flight to a country I'll call "S". And when Mrs B unfortunately fell ill, they were on a cruise travelling between countries other than A. So, I don't think Great Lakes did anything wrong when it declined the claim for medical expenses that Mrs B incurred when she was travelling outside of A.

It's unfortunate that Mr and Mrs B hadn't bought the cover they needed. But I think Great Lakes was still on risk for the cancellation of their trip to A, as well as any issues they may have had within the agreed cover period in A. So, I don't think it would be fair for me to direct Great Lakes to refund Mr and Mrs B their premium.

However, it's clear that Great Lakes caused Mr and Mrs B unnecessary distress and inconvenience in the way that it handled the claim. It first paid the claim in May 2024, but then asked Mr and Mrs B to repay the claim in August 2024 within 10 days. Great Lakes also sent further claim letters after this that weren't relevant to their circumstances. I agree with our investigator that £150 is fair compensation in the circumstances.

My final decision

My final decision is that I uphold Mr and Mrs B's complaint and direct Great Lakes Insurance UK Limited to pay them £150 for the distress and inconvenience caused (if it hasn't already done so).

Great Lakes must pay the compensation within 28 days of the date on which we tell it Mr and Mrs B accept my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% simple per annum.

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 12 June 2025.

Renja Anderson
Ombudsman