

The complaint

Mrs and Mr H complain that Great Lakes Insurance UK Limited declined their travel insurance claim. My references to Great Lakes include its claim handling agents.

What happened

Mrs and Mr H and their two children were insured with an annual travel insurance policy. The relevant policy section is insured by Great Lakes.

Mrs and Mr H contacted the business the policy document said to contact for claims queries, which I'll refer to as X, through its online chat system. Mr H asked if they were covered if they cancelled their holiday because he was about to lose his job. They say X confirmed cover so they cancelled the holiday and claimed for the lost cost.

Great Lakes declined the claim. The policy covered a holiday having to be cancelled due to Mr or Mrs H's 'involuntary redundancy' but the evidence from Mr H's former employer was he hadn't passed his employer's probationary period. Great Lakes said Mr H's situation was different to involuntary redundancy and not covered by the policy terms. Mrs and Mr H complained to Great Lakes as it had written to them accepting X had given wrong information but Great Lakes hadn't taken into account that caused them to cancel the holiday and incur the loss.

Great Lakes said Mrs and Mr H hadn't told X the reason why Mr H was losing his job and although it told them they could make a claim there was no guarantee the claim would be accepted. Great Lakes also said even if Mr H's situation had been covered it wouldn't have made a payment. The document from the holiday provider showed the deposit of £1,320 was for a holiday for 30 people. Mrs and Mr H and their two children's share of the lost deposit was £44 for each insured person under the policy, which was below the £50 per person excess it would have taken off for the claim.

Mrs and Mr H complained to us that Great Lakes had unfairly focused on the wording of the policy when they'd acted on incorrect information from its representative. They'd been stressed and disappointed at Great Lakes' response which caused them unnecessary financial hardship at a very difficult time. They want Great Lakes to pay the lost deposit less the four policy excesses, about £1,000.

Our Investigator said Great Lakes had fairly declined the claim.

Mrs and Mr H disagree and want an Ombudsman's decision. They said they used everyday language to describe Mr H's job loss and it was for X to ask any questions it needed to clarify the situation. From what X had told them they believed it had confirmed cover for the claim.

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 regulator's rules say that insurers must handle claims promptly and fairly and they mustn't turn down claims unreasonably.

The policy says Great Lakes will cover:

'unused non-refundable pre-booked travel and accommodation expenses which You have paid or are contracted to pay' (subject to policy limits)

if there is:

*'necessary and unavoidable cancellation of a trip' as a result of...
Your involuntary redundancy or that of Your travelling companion or Your spouse,
civil partner or cohabiting partner, notified after the purchase of this Policy or after the
trip was booked, whichever is later'.*

The evidence from Mr H's former employer is that unfortunately his employment was terminated on the grounds of unsatisfactory performance during the probationary period. The reason for Mr H losing his job is different to involuntary redundancy, which is covered by the policy. So under the policy terms Great Lakes was correct to decline the claim.

I also need to consider what's a fair and reasonable outcome in all the circumstances of the complaint. The policy document doesn't say X is Great Lakes' representative but it is the business to contact for claims queries. So I think Mrs and Mr H could reasonably understand X could give accurate information on behalf of Great Lakes about their claim query.

I've seen the screenshots of the online chat between X and Mr H. He says he has a trip which may need to be cancelled and as he won't get a refund he wants to know his options to recover the money through his insurance. X asks what's happened.

Mr H responds *'Two things have occurred - firstly, some our party that are coming with us are potentially needing to drop out themselves but, moreover, I am unfortunately about to lose my job so may not be able to go myself due to needing the money'.*

X says Mr H *'would be entitled to submit a claim against the policy for the loss of your holiday under the cancellation section'* and sets out the policy term about cover if there's involuntary redundancy that I've detailed above.

I understand Mr H's point that he'd used everyday language about his situation, he could lose his job. I've considered whether it was up to X to ask for more detail. But I think X asked Mr H a very open question - 'what has happened?'. The evidence from his former employer shows that when X asked him that open question Mr H knew his job loss would be because he hadn't successfully passed the probationary period. I think Mr H should reasonably have told X his full situation. Had he done so I think it's most likely that X would have told him the policy only covered involuntary redundancy, not his situation.

I've seen Great Lakes' letter to Mrs and Mr H which says X gave them wrong information. But on the information Mr H gave X I don't think it did give wrong information. Also X said Mr H could submit a claim but that isn't guaranteeing the claim would be successful once all the detail had been reviewed.

I'm sorry to disappoint Mrs and Mr H and I know it was a difficult time for them. But I think Great Lakes reasonably declined the claim.

It's fair for me to tell Mrs and Mr H that even if I thought Great Lakes should reassess their claim I think Great Lakes was correct to say there would be nothing for it to pay as their share of the lost deposit was less than the policy excess they would need to pay. The policy says under the cancellation section:

'What is not covered

Any claim for costs paid by You on behalf of other persons not insured under this Policy'.

That's not an unusual policy term in travel insurance policies. The lost deposit was around £1,320 for 30 people and, even if Mrs and Mr H had paid the whole deposit, only four people were insured under this policy. So the loss for the claim would be £44 each and once the £50 policy excess per person had been deducted there would be no payment for Great Lakes to make.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 11 August 2025.

Nicola Sisk
Ombudsman