

The complaint

Mr and Mrs C are unhappy Great Lakes have only partially settled their claim.

They also complained about their broker regarding the renewal of their policy. I've been considering both cases together because the complaints are interlinked.

What happened

For ease I have set out a timeline to be clear on the somewhat unusual order of events that took place here:

- 18 March 2023 – Mr and Mrs C took out an annual travel insurance policy underwritten by Great Lakes. This policy had a maximum benefit of £5,000 per person for claims for cancellation. At the point of sale Mrs C declared multiple health conditions which were all accepted onto the policy.
- 25 October 2023 - Mr and Mrs C booked a trip for the following year, travelling on 25 April 2024.
- 1 February 2024 - Mrs C suffered from severe cellulitis and was admitted to hospital for treatment. She unfortunately got sepsis and was moved into intensive care. She remained an inpatient until 3 April 2024.
- 16 February 2024 - the renewal notice for the policy was sent out.
- 22 February 2024 - Mr C called up the Broker to renew their policy.

He disclosed Mrs C's change in health and that she was still in hospital being treated for sepsis and cellulitis. Mr C explained his travel plans and confirmed the medical advice was that Mrs C would be fit to travel by their planned trip in April 2024 (this is supported by the medical evidence from the treating consultant who confirmed at that time it was foreseeable Mrs C would be able to travel in April 2024).

During the renewal call the broker took Mr C through medical screening and Mrs C's two new conditions (sepsis and cellulitis) were accepted onto the new policy. The policy was set up to start from 19 March with £10,000 cancellation cover per person for all conditions, including those listed on the policy.

- 25 February 2024 - Mrs C went back into ITU and she had to be treated for sepsis again. She was then released back to a ward.
- 6 March 2024 - Mrs C is moved to a hospital closer to home and spent a further month there in rehabilitation
- 19 March – the renewed policy goes live
- 3 April 2024 - Mrs C is released from hospital
- 12 April 2024 – Mr and Mrs C cancel the trip based on medical advice because Mrs C's health deteriorates.
- 17 April 2024 - Mrs C is readmitted to hospital with right heart failure and supraventricular tachycardia (SVT).
- 22 April 2024 – Mrs C is discharged again from hospital.

Mr and Mrs C made a claim for cancellation on their policy. Great Lakes settled the claim under the policy taken out in 2023 because they said the policy renewal in 2024 should never have gone ahead. They referred a mis-sale complaint on to the broker who offered a refund of premiums to Mr and Mrs C for the 2024 policy that renewed.

But this would still leave Mr and Mrs C significantly out of pocket because the cancellation cover for the earlier policy wasn't enough to cover their cancelled trip. So Mr and Mrs C referred a complaint against the broker and Great Lakes to this service.

Our investigator looked at both complaints and thought Great Lakes had acted fairly considering the claim under the 2023 policy. And it was fair for the broker to have offered a refunded of premiums for the 2024 policy.

Mr and Mrs C remained unhappy, so both complaints were passed to me to review. I've considered both cases together and looked at all the information across both files because the complaints are interlinked.

I issued a provisional decision explaining I intended to come to a different outcome to the one reached by our investigator. This is what I said:

My provisional decision

I've thought carefully about how to reach a fair outcome on this complex set of circumstances.

The relevant industry rules say an insurer must handle claims promptly and fairly and shouldn't unreasonably reject a claim.

Great Lakes said Mrs C's illness, which led to the cancellation, was known before the 2024 policy renewal, so that policy is invalid. They assessed the claim under the 2023 policy instead. But I don't think that is a fair or reasonable approach in the circumstances of this case.

It's clear that a full medical screening took place at renewal, so the relevant law in this case is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This requires Mr and Mrs C to take reasonable care not to make a misrepresentation during the renewal. The standard of care is that of a reasonable consumer.

The renewal call

I've listened to the renewal call between Mr C and the broker. And thought about everything Mr C explained, the questions he was asked and the answers he gave based on what he knew at the time.

At the start of the call Mr C explained he was calling to renew his policy and also declare a change in health for his wife because she was currently in hospital due to sepsis and being treated for cellulitis. He said it would all need to be added to her medical history. He explained she was too ill to travel at the moment, but she should be able to travel in mid-April for the trip they'd booked.

Mr C was then taken through full medical screening and asked about both cellulitis and sepsis. The medical evidence shows he answered all the questions he was asked honestly:

B - In the past 12 months (apart from what you have already told me) has anyone been diagnosed or had symptoms with any new condition?

C – No

B – Have you seen a medical practitioner regarding anything not shown on your current policy?

C – No

B – Is any traveller awaiting any tests, results, surgeries, a procedure or check-ups?

C – As I said, in terms of cellulitis – she is still being treated for that

B – ok still being treated for that. That's ok – fine. So she's being treated for cellulitis, and she has sepsis ok. That's fine. So we know cellulitis and sepsis.

Ok so I'll ask that question again. Is anyone traveller awaiting any tests, results, surgeries, a procedure or check ups?

C – No

B- I'm just going to add these conditions onto the policy. I'll start with sepsis

Is she still under medical supervision for kidney damage?

C – No

B – damage to the brain or nervous system?

C – No

B – OK, perfect thanks. None of those, that's fine that

Let's move to cellulitis. How many episodes of cellulitis requiring hospital treatment has she had?

C – One – on the first of February this year

B – and is she still being treated for cellulitis?

C – Yes

B – ok that's fine. That's all the questions for those conditions. Let's go ahead and get this sorted for you now

Does anyone have any symptoms or conditions we haven't covered off on this call?

C – No

The policy was set up and Mr and Mrs C received a certificate of insurance with cancellation cover for claims as a result of all medical conditions (including the new ones just added onto the policy).

There appear to have been some prompts during the medical screening that should have been picked up by the business, but they weren't. Great Lakes accepted the risk for both conditions and the policy renewed to provide £10,000 cancellation cover.

I've also looked at the medical declaration Great Lakes received from the broker which states the following:

Sepsis

Are you still under medical supervision for any of the following complications? =>

Liver damage

And none of these:

.Kidney damage

. Damage to the brain or nervous system

Cellulitis

. How many episodes of cellulitis requiring hospital treatment have you had? => 1

.Are you still being treated for cellulitis? => Yes

We are pleased to confirm that your Staysure travel insurance policy has been extended to provide full cover for any claims arising as a result of the above declared medical conditions under the normal terms and conditions of your policy – including any medical emergency.

Claims arising either directly or indirectly as a result of any Pre-existing Medical Conditions (as defined in the policy) of an insured person are covered only when a declaration specifically agreeing to this has been issued and the appropriate additional premium paid.

Based on the content of the call and the above document, I'm satisfied Mr C was taken through full medical screening at renewal and he took reasonable care to disclose everything he should have.

Great Lakes accepted the risk for both of Mrs C's conditions, so it's only fair to conclude the 2024 policy was correctly inceptioned at renewal. And it was unfair for Great Lakes to say it was invalid and pay the claim under the previous policy with a lower benefit limit.

Cancellation cover

Great Lakes also said the 2024 policy was invalid because Mrs C wasn't fit to travel at the point of renewal. But I don't think that was reasonable in the circumstances and it isn't set out in the policy terms.

The policy terms for cancellation state:

(Cancellation) starts at the time that you book the trip, or the first day of the trip, or the first day of the of the period of cover as shown on your Validation Certificate, whichever is later.

We will pay up to the amount shown in the table of benefits, per insured person, for the level of cover shown on your validation certificate for your non refundable deposits and amounts you have paid. . . .for your travel and accommodation which you cannot use as a result of. . .. you..or travelling companion ..suffers unforeseen illness. . . .

Cover is extended to claims relating to pre-existing medical conditions if the persons medical practitioner is able to confirm that at the time you bought the policy or booked the trip (whichever is later) there would not have been any substantial likelihood of the condition deteriorating so that cancellation or cutting short your trip would become necessary.

This means Mr and Mrs C's cancellation cover started from the first day of the period of cover as shown on the validation certificate, which is 19 March 2024. Their table of benefits confirm they have up to £10,000 cancellation cover per person. And Mrs C's treating consultant confirmed at the point of the renewal in February 2024, he believed it was foreseeable Mrs C would be fit to travel by April - (he didn't advise them to cancel the trip until trip early April when Mrs C's health deteriorated). So, I'm satisfied their claim falls within the above terms.

The timeline and medical evidence show that when the policy renewed, there wasn't a substantial likelihood of Mrs C's condition deteriorating. I'm sorry to see she was readmitted to hospital on 17 April with right heart failure and supraventricular tachycardia (SVT) , but I don't think this was something Mr C, or the consultant would have foreseen at the point of renewal on 22 February.

So as per the policy terms, Great Lakes should pay the cancellation claim up to the amount shown in the table of benefits, for the level of cover shown on Mr and Mrs C's validation certificate, which is £10,000 per person.

Summary

I'm persuaded Mr and Mrs C took reasonable care to disclose everything they needed to at renewal, so the policy was correctly inceptioned and is valid. And I don't think any change in health questions were triggered before the 2024 policy went live, so there wasn't anything further Mr and Mrs C needed to disclose.

Based on the medical evidence and timeline of events, I think it was reasonable for Mr and Mrs C to believe Mrs C would be well enough to travel by April 2024. So their cancellation claim should be paid in line with the renewed policy terms, up to the maximum benefit of £10,000 per person.

Outcome

I explained I intended to direct Great Lakes to pay the outstanding balance on the claim up to the maximum benefit of £10,000 per person. And invited further comments from both parties.

Responses to my provisional decision

Mr C said he didn't have any further comments. Great Lakes disagreed with my outcome. In summary they said:

- The onset of Mrs C's condition which caused the cancellation of the trip was on 1 February 24 when she was admitted to hospital and treated in intensive care for sepsis. So the correct 'Period of Cover' relevant to this cancellation claim is the 2023 policy with the 'Period of cover' commencement date being 25 Oct 23 (the date they booked their trip).
- They should have been notified Mrs C had a change in health following her readmission to intensive care on 25 February and 6 March 24 when it was known that she was to be hospitalised for a further month in rehabilitation. They said this all before the policy renewal commenced.
- Had Mrs C declared her change in health, the renewed policy would have been withdrawn. They said as Mrs C had been readmitted to hospital they would consider the misrepresentation to be reckless or deliberate.

I must now 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.

I've taken into account the further submissions from Great Lakes, but they've not changed my thoughts about the outcome of this complaint for the reasons I'll go on to explain.

Change in Health

I agree Mr and Mrs C were required to notify Great Lakes of any significant changes in health, as per the policy terms.

Great Lakes argue they should have been notified following Mrs C's readmission to intensive care for sepsis again on 25 February, and when they were aware she would be hospitalised for a further month in rehabilitation. But I don't think that is reasonable in the circumstances.

The medical evidence from Mrs C's treating consultant is clear that he didn't advise her to cancel the trip until trip early April. Despite Mrs C needing treatment for sepsis a second time in February, the consultant said he was still of the opinion she would be able to travel by 25 April. So I don't think it's fair for Great Lakes to conclude Mr and Mrs C needed to notify them when the medical advice they received hadn't changed.

I've also considered how change in health is set out in the policy terms. The terms state:

Changes in Health are;

- *you are diagnosed with a new medical condition*

- *your doctor, or consultant changes your prescribed medication*
- *you receive inpatient medical treatment*
- *you are now awaiting a diagnosis, investigation, test results or medical treatment.*

If we are unable to continue to provide cover. you will be entitled to make a claim under Section 1 (Cancellation) for costs which cannot be recovered elsewhere for trips booked prior to the change in health."

But I don't think any of the above four trigger points apply here.

Mrs C wasn't diagnosed with any new medical condition - she was treated for sepsis a second time (which is a condition Great Lakes had already screened her for) and her prescribed medication hadn't changed.

It's also important to highlight again that Mrs C was admitted to hospital on 1 February 2024 and remained an inpatient for two months in total - so she was already receiving inpatient, medical treatment for her diagnosis of sepsis and cellulitis at the time of renewal. She then needed the same treatment for sepsis in ICU a second time, but there isn't evidence of any new medical treatment until Mrs C's health takes a significant turn, and she is readmitted to hospital on 17 April with right heart failure and supraventricular tachycardia (SVT).

So on balance, I think it's fair and reasonable to conclude there wasn't anything further Mr and Mrs C needed to declare before the policy went live.

Period of cover

The cancellation term state:

(Cancellation) starts at the time that you book the trip or the first day of the period of cover as shown on your Validation Certificate, whichever is later.

Great Lakes said the policy taken out in 2024 isn't a new one. They argue it's a continuation of the 2023 policy. But I don't agree. I'm satisfied the 2024 policy is a new contract of insurance. A separate screening took place, and a new, separate schedule of insurance was issued stating the first day of the period of cover as 19 March 2024.

So my position remains that the correct period of cover for Mr and Mrs C's cancellation claim is the 19 March 2024.

The cancellation terms go on to say:

"We will pay up to the amount shown in the table of benefits, per insured person, for the level of cover shown on your validation certificate ...as a result of .. you..suffering unforeseen illness. . . .

Cover is extended to claims relating to pre-existing medical conditions if the persons medical practitioner is able to confirm that at the time you bought the policy or booked the trip (whichever is later) there would not have been any substantial likelihood of the condition deteriorating so that cancellation or cutting short your trip would become necessary".

As explained above, Mrs C's treating consultant has confirmed there wasn't a substantial likelihood of Mrs C's condition deteriorating before the policy went live. Mrs C's one month rehabilitation from 6 March had gone well and she was released from hospital on 3 April as planned, still intending to go on her trip. However, sadly Mrs C's health changed after that, and she was readmitted to hospital on 17 April with right heart failure and supraventricular tachycardia (SVT). The consultant confirmed he didn't foresee cancellation until early April 2024 and the policy was already in place and live at this point.

Summary

I don't think any change in health questions were triggered before the 2024 policy went live, so there wasn't anything further Mr and Mrs C needed to disclose. And based on the medical

evidence and timeline of events, I think it was reasonable for Mrs C to believe she would be well enough to travel by April 2024.

Compensation

This case isn't straight forward. The timeline of events that occurred is unusual and Mrs C's health journey was complex, so it's important my outcome is fair and reasonable to all parties involved.

I've considered if any further compensation is due here. But in the circumstances of this case I'm satisfied the settlement of the outstanding claim goes far enough to remedy what has happened here. And it is a fair outcome for all parties.

Putting things right

Great Lakes Insurance UK Limited by:

- Paying the outstanding balance on Mr and Mrs C's cancellation claim, up to the maximum benefit of £10,000 per person.

My final decision

I uphold this complaint against Great Lakes Insurance UK Limited and direct them to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 16 January 2026.

Georgina Gill
Ombudsman