

The complaint

Mr and Mrs H complain about how Great Lakes Insurance UK Limited settled a claim under their travel insurance policy.

What happened

Mr and Mrs H had an annual multi-trip travel insurance policy which covered them between 1 July 2024 and 30 June 2025. Their policy included optional gadget cover, and the insurer was Great Lakes.

Mr H unfortunately lost his photographic light meter during a trip abroad. He made a claim for this under the policy in January 2025. Great Lakes accepted the claim, but it deducted 40% from the settlement amount due to wear, tear and depreciation – which was 10% per year of usage as he'd bought it in July 2020.

Mr and Mrs H didn't think this was fair compensation. They said the amount of wear, tear and depreciation wasn't set out in the policy terms. And they sent evidence to show they couldn't buy a used photographic light meter to replace the one they lost with the amount Great Lakes had offered.

Great Lakes reconsidered the claim and offered to settle the claim by only deducting 20% from the settlement amount due to wear, tear and depreciation. Mr and Mrs H still didn't think this was a fair settlement, for the reasons they'd previously set out.

One of our investigators reviewed Mr and Mrs H's complaint. Having done so, he didn't think Great Lakes had acted unfairly or unreasonably in how it settled the claim, for the reasons it did.

Mr and Mrs H didn't agree with the investigator's findings. They maintained that the item wasn't used frequently, and they'd shown that used items still sold online for more than Mr H bought it for which they said demonstrated that it didn't depreciate in value. As no agreement was reached, the complaint has been passed to me to decide.

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 this complaint.

Mr and Mrs H's policy provides the following cover under Section 21 "Optional Gadget Cover", and Great Lakes considered the claim under this section:

"We will pay you up to the amount shown on the table of benefits for the value of, or repair to, any of your gadget(s) (not hired, loaned or entrusted to you), which are lost, stolen, damaged or destroyed. Cover is provided based on the amount you paid for the gadget(s) or the current recommended retail price whichever is the lower, excluding credit charges, interest charges or insurance costs and allowing for wear, tear and depreciation. At our discretion, we may replace the gadget(s) with a refurbished item from one of our dedicated suppliers.

I think the policy terms make it clear that the cover Mr and Mrs H had for a lost gadget was based on the amount they paid for it or the recommended retail price, whichever was lower, while allowing for wear, tear and depreciation. Mr and Mrs H have shown that they bought the item in July 2020 for £420.

I appreciate the policy terms don't set out the percentage Great Lakes would apply for any deduction for wear, tear and depreciation. But I don't think they needed to, as the terms do make it clear that this is taken into account. So, I think Great Lakes was entitled to make this deduction, as it was in line with the terms and conditions of the policy.

I've then considered the underwriting information Great Lakes has provided about how much it deducts for wear, tear and depreciation. It has shown that it applies a 10% deduction in value for each year of ownership for items in the category of the photographic light meter. I appreciate Mr and Mrs H say the item isn't used frequently, and it doesn't depreciate in value. But as long as Great Lakes has treated Mr and Mrs H the same it would any other policyholder in a similar situation, I don't think it has acted unfairly or unreasonably.

As Mr H bought the item in July 2020, he'd owned it for more than four years before the loss. So, Great Lakes first deducted 40% from the claim settlement which was in line with the underwriting information it has provided. But after Mr and Mrs H disputed this, it increased its offer to only deduct 20%. I think this is fair and reasonable in the circumstances. I'm satisfied Great Lakes has acted in line with the terms and conditions of the policy, and it's treated Mr and Mrs H the same it would any other policyholder in a similar situation. It considered its underwriting information along with what Mr and Mrs H explained about the item they'd claimed for.

I appreciate Mr H says he's not able to replace the item with the amount Great Lakes has paid. But this is not the cover his travel insurance policy provides, for the reasons I've explained above.

For completeness, I've also considered the cover Mr and Mrs H had under the main section of their policy for "Personal Baggage" as Great Lakes also referred to the terms in this section. This is because "photographic equipment" comes under the definition of "valuables" which are covered under this section, rather than the gadget section.

This section provides cover for lost items, but it also specifically excludes "wear and tear, depreciation[...]" This section also sets out special conditions relating to claims, including the following:

"Claims are not paid on a 'new for old', or replacement cost basis. A deduction, therefore will be made for wear and tear and depreciation."

The policy terms also set out that the claims evidence required for lost personal baggage include original receipts, and claims conditions for personal baggage explain that claims are paid based on the "value of the goods at the time you lost them, and not on a new for old or replacement cost basis".

So, having considered these terms, I don't think these provide Mr and Mrs H any further cover than they held under the optional gadget cover. This is because the policy terms set out that these claims are calculated based on the value of the item based on the original receipt, and a deduction is made for wear, tear and depreciation. So, whether the claim is considered under the optional gadget cover section, or the personal baggage section, both allow a deduction to be made for wear, tear and depreciation.

I'm sorry to disappoint Mr and Mrs H, but I don't think Great Lakes has acted unfairly or unreasonably in the circumstances of their complaint.

My final decision

My final decision is that I don't uphold this complaint.

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 16 December 2025.

Renja Anderson
Ombudsman