

The complaint

Mrs T complains because Great Lakes Insurance UK Limited restricted cover under her travel insurance policy when she notified it about an upcoming medical procedure.

All references to Great Lakes include the agents appointed to administer policies and handle complaints on its behalf.

What happened

Mrs T bought a single trip travel insurance policy, provided by Great Lakes, and declared a number of pre-existing medical conditions. Mrs T paid a premium of £264.76 for the Great Lakes policy.

Mrs T subsequently contacted Great Lakes to tell it about a medical procedure relating to one of her already declared pre-existing medical conditions which she'd been referred to have after her policy was due to end. Great Lakes said this meant it could no longer offer Mrs T any cover for any of her medical conditions and gave her a number of options. These included submitting a claim for the cost of cancelling her trip or keeping the policy in place with no cover for pre-existing medical conditions, buying a new policy with a different company for her pre-existing medical conditions and making a claim for the cost of that new policy.

Mrs T chose to keep the policy in place with no cover for pre-existing medical conditions and received a refund of £48.60. Unhappy, Mrs T complained to Great Lakes and later bought travel insurance with another company covering her pre-existing medical conditions at a cost of £164.60.

Great Lakes said its decision to restrict cover had been correct but reiterated the options Mrs T had been presented with at the time – including the offer to make a claim for the cost of the new policy purchased. Great Lakes then said it would provide Mrs T with a pro-rata refund of an additional £72.05 but Mrs T didn't accept the offer and brought her complaint to the attention of our Service.

One of our Investigators looked into what had happened and said he didn't think Great Lakes had acted unfairly or unreasonably in the circumstances. Mrs T didn't agree with our Investigator's opinion, so the complaint was referred to me. I made my provisional decision about Mrs T's complaint earlier this month. In it, I said:

'Industry rules set out by the regulator require insurers to communicate information to consumers that is clear, fair and not misleading. I've taken these rules into account, alongside other relevant considerations, when making my provisional decision.'

An insurer is generally entitled to decide the level of risk it is prepared to accept when providing an insurance policy, as long as is treating customers in the same situation in the same way. When Mrs T entered into this contract, Great Lakes' decision to offer cover on the terms it did was based on the status of Mrs T's medical conditions as they were at that time. The status of one of Mrs T's medical conditions subsequently changed and Mrs T's

policy, like most – if not all – travel insurance policies on the market, allows Great Lakes to alter cover under the policy in certain circumstances if a policyholder experiences a change in health during the term of the contract. This isn't unfair or unreasonable.

It's clear to me that Mrs T took great care to let Great Lakes know everything she needed to both when buying the policy and when she notified it about her upcoming medical procedure, as the policy requires her to. The policy terms and conditions say:

'Changes to your health

You must tell us if any of the following happen after you purchase your policy ...:

...

- you are now awaiting a diagnosis, investigation, test results or medical treatment*

... we may ... exclude cover for the newly diagnosed condition or for the condition that has undergone significant change.

...

If we are unable 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.'

I understand Mrs T considers the non-invasive procedure she was awaiting to be curative, and she expected Great Lakes to provide her with cover for an additional premium. I also understand the procedure was due to take place after the original policy would already have ended. But Great Lakes is entitled to make its own commercial decision about the level of risk which it is prepared to bear, and it was under no obligation to continue to provide cover for Mrs T's medical conditions after her circumstances changed.

Great Lakes has provided evidence to our service which I'm satisfied demonstrates it would have restricted cover for any policyholder who was in the same situation as Mrs T. I've carefully considered the screenshots which Mrs T has provided but I don't think these demonstrate otherwise. The screenshots reflect an application for a person who had already had the procedure Mrs T was waiting for and not a person who was awaiting the treatment, which is the situation Mrs T was in.

So, overall, this means I don't think Great Lakes acted unfairly or unreasonably by restricting Mrs T's cover when she notified it about her change in health.

However, it's important to attempt to achieve a fair outcome for both parties in circumstances where an insurer has the right to unilaterally alter the contractual terms. As such, our service has a long-standing, published approach to complaints involving a change in the policyholder's health after a contract has been entered into. As is reflected in Great Lakes' policy terms, we generally consider it would be fair and reasonable for an insurer to cover the cost of cancelling any pre-booked holidays if policy coverage is restricted based on a change in health.

If Mrs T had decided to cancel her upcoming trip at the point the cover was restricted, I'd have expected Great Lakes to reimburse Mrs T the money she had already paid for her holiday. The policy is silent on what happens if a policyholder chooses not to cancel any pre-booked holidays and obtains single-trip travel insurance cover elsewhere instead. By doing this, Mrs T reduced Great Lakes' exposure to liability to pay for the cost of cancelling the

holiday. So, I think it would be fair and reasonable in the circumstances for Great Lakes to instead pay for the cost of Mrs T's new insurance policy up to the value of what any cancellation claim would have been, which I'm pleased to see Great Lakes has already repeatedly offered to do.

Mrs T's holiday cost somewhere in the region of £2,800. I've seen evidence that Mrs T's new insurance policy cost a total of £164.60. I've enclosed a copy of this evidence with my provisional decision for Great Lakes to see. I'm satisfied the new insurance policy is of a similar level to the original one Mrs T held with Great Lakes and I've also enclosed an explanation from Mrs T as to why she didn't declare one of the previously declared medical conditions to her new insurer. So, overall, I think a fair outcome in these circumstances is for Great Lakes to pay for Mrs T's new insurance policy. I'm satisfied Great Lakes is entitled to deduct from this the refund of £48.60 which it already provided to Mrs T. This is because Great Lakes covered the risk of a cancellation claim being made during the period the full cover was in force. Furthermore, Mrs T would always had to have paid for one insurance policy, so it's only fair and reasonable for Great Lakes to cover the cost of the new insurance if the policy as it originally stood is treated as remaining in force.

However, I don't think it's fair or reasonable in the circumstances for Great Lakes to seek to apply an excess to the payment to be made to Mrs T. Great Lakes, by covering the cost of Mrs T's new insurance, isn't paying a cancellation – or any other - claim under the terms and conditions of her travel insurance policy. There's no section of Mrs T's policy which provides cover for the cost of new travel insurance if the existing policy is amended by Great Lakes. Instead, Great Lakes is paying for Mrs T's new policy in lieu of what its exposure to a cancellation claim under the policy would otherwise have been. In these circumstances, I don't think it's fair or reasonable for Great Lakes to seek to reduce its financial exposure even further by attempting to apply an excess to a payment which is being made in lieu of a cancellation claim.

Turning to the two telephone calls which Mrs T had with Great Lakes, I understand Mrs T thinks the question asked about breathlessness is designed to catch people out. However, an insurer is entitled to set its own medical screening questions to obtain the answers it needs to calculate the risk, and I'm satisfied the question is clear and specific. I accept Mrs T says she wasn't on an active waiting list for a different medical procedure but Great Lakes (or any other travel insurers that I am aware of) don't distinguish between an active and a reserve waiting list, nor do they need to - Great Lakes wants to know about any waiting list that the policyholder is on. I think Great Lakes was correct in telling Mrs T it couldn't give her any advice on what to do – that wasn't its role in these circumstances. Its role was to give information to Mrs T that was clear, fair and not misleading and I'm satisfied it did this.

I'm sorry to disappoint Mrs T but I'm afraid I don't agree with her submissions that she was pressured to give an answer as to what she wanted to do on the second call. Mrs T was specifically told she didn't have to decide immediately. I agree it may have been more helpful if Great Lakes had set out Mrs T's options to her in writing before she made a decision, but Mrs T didn't ask for this to happen and, based on the content of the call, Mrs T seemed willing to go ahead and make a decision about what to do there and then. I understand Mrs T may have found the call stressful and she was unhappy with what she was being told, but I don't think Great Lakes acted unfairly or unreasonably in the circumstances.' Mrs T didn't accept my provisional decision and provided a detailed response. Great Lakes didn't reply.

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 carefully thought about Mrs T's response to my provisional decision, but I'm afraid I won't be changing my findings.

I don't agree with Mrs T's submissions that her planned procedure was of no concern to Great Lakes and/or that the status of her medical condition didn't subsequently change. My provisional decision explained in some detail why I don't think Great Lakes acted unfairly or unreasonably in this case and I don't find the computer-generated explanations which Mrs T has provided to be persuasive, so these don't change my findings. Any third-party investigations which may be ongoing into our Service are not relevant to the outcome of this complaint. My decision is based only on the specific circumstances of what happened, and I've reached this outcome independently and impartially taking into account the relevant considerations outlined under the rules that govern our organisation.

I've noted Mrs T's comments about some of the wording used in my provisional decision, but these points aren't central to the outcome of the complaint. Great Lakes isn't required to provide a statement as to the nature of Mrs T's change in health. Mrs T has brought her complaint to our Service for an answer about what happened, and I'm satisfied that a change in the level of risk which Mrs T's health presented is the reason why cover was restricted, and I don't think this was unfair or unreasonable in the circumstances. I'm sorry to hear Mrs T's health has been affected by this situation but, as I don't think Great Lakes has done anything wrong, it wouldn't be fair or reasonable to require it to pay any compensation.

Any dispute about the content of the telephone calls would need to be the subject of a new complaint to Great Lakes in the first instance before our Service would have the power to consider the matter.

My final decision

My final decision is that I don't uphold Mrs T's complaint.

Great Lakes Insurance UK Limited has already made an offer to pay for the cost of the new travel insurance policy which Mrs T bought, and I think this offer is fair and reasonable in all the circumstances. I direct Great Lakes Insurance UK Limited to pay this amount, minus the refund of £48.60 already provided, but without deduction of any policy excess.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 21 October 2025.

Leah Nagle
Ombudsman