

## **The complaint**

Mr and Mrs B complain that Great Lakes Insurance UK Limited hasn't fairly settled a claim they made on a single trip travel insurance policy.

## **What happened**

The circumstances of this complaint are well-known to both parties. So I've simply set out a summary of what I think are the main events.

Mr and Mrs B took out an 'S' branded single trip travel insurance policy through a broker. They purchased the 'Essentials' level of cover. The policy was taken out to cover a three night cruise they'd planned to take in late November 2024.

Unfortunately, although Mr and Mrs B were able to board the cruise as planned and make use of the available facilities, storm conditions prevented the ship from leaving its UK port. So Mr and Mrs B made a cancellation claim on the policy.

Great Lakes didn't conclude that the claim was covered under the cancellation section of the contract. But it did agree to pay Mr and Mrs B benefit under the 'missed port' section of the policy, given the cruise hadn't been able to travel to the two international cities which had been scheduled.

Mr and Mrs B were unhappy with Great Lakes' position and they complained. They were also dissatisfied with Great Lakes' handling of the claim. Great Lakes acknowledged that it hadn't handled the claim as well as it should have done and it paid Mr and Mrs B £300 compensation. But it maintained that the claim had been settled fairly.

Remaining unhappy with Great Lakes' stance, Mr and Mrs B asked us to look into their complaint.

Ultimately, our investigator upheld Mr and Mrs B's complaint in part. He didn't agree that the claim was covered under the cancellation section of the policy. And he felt Great Lakes had paid Mr and Mrs B fair compensation for its claims handling mistakes. But he thought that Great Lakes should have paid Mr and Mrs B travel delay benefit in line with the cover set out in the contract. So he recommended that it pay Mr and Mrs B delay benefit in line with the policy terms.

Great Lakes accepted the investigator's view but ultimately, Mr and Mrs B did not. In brief, they maintained that the claim hadn't been settled fairly; they felt the policy terms were ambiguous and they were also unhappy about the various parties which had been involved in the claim. So the complaint's 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.

Having done so, I find that the fair outcome to this complaint is for Great Lakes to pay Mr and Mrs B delay benefit in line with the cover they held and the terms and conditions of the policy. I'll explain why.

First, I'd like to reassure Mr and Mrs B that while I've summarised the background to this complaint, I've carefully considered all that's been said and sent. In this decision though, I haven't commented on each point that's been raised and nor do our rules require me to. That's in line with our statutory obligation to resolve complaints quickly and with minimum formality. Therefore, I've focused on what I think are the key issues.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. I've taken those rules into account, amongst other relevant considerations, such as regulatory principles, the policy terms and the available evidence, to decide whether I think Great Lakes handled this claim fairly. I've also considered the law but I'm not bound to strictly apply this. My over-riding remit under the rules that govern us is to make a decision based on what I think is fair and reasonable in all the circumstances.

It's important I make clear the scope of this decision. I understand Mr and Mrs B have concerns that third parties have been involved in their claim when they believed they were dealing with S. The policy is 'S' branded, although the contract states that it was arranged by a broker I'll call H – a legally separate entity to S and to Great Lakes. This means that H is responsible for the sale of the policy and if Mr and Mrs B are unhappy with the way the policy was sold to them, they'll need to make a separate complaint about that issue to H.

Great Lakes underwrites the policy, although it has delegated the administration of claims to a third party provider. The delegation of claims administration by insurers isn't unusual and generally, I think an insurer's choice to delegate claims handling to a third party is a legitimate commercial decision for it to make. Great Lakes is ultimately responsible for any claims decisions its third party provider makes and therefore, this complaint has been correctly considered against Great Lakes.

In my view, the key issue for me to decide is whether I'm satisfied Great Lakes has settled this claim fairly. So I've carefully considered the policy terms, as these form the basis of the insurance contract between Mr and Mrs B and Great Lakes. As our investigator explained, insurance policies are neither intended to nor cover every eventuality and insurers will set out the level of cover they've chosen to provide in the contract terms.

Mr and Mrs B made a cancellation claim on the policy. The contract explains that for single trip insurance policies, cancellation cover ends when a policyholder leaves their home – which is defined as a policyholder's principal place of residence. There's no dispute that Mr and Mrs B had already left home, had boarded the ship and made use of the ship's facilities and entertainment programme for the full three nights of their planned trip, even though it remained in dock. At the outset then, I think it was reasonable for Great Lakes to have concluded that cancellation cover had already ended by the time the cruise's itinerary was disrupted.

In any event, section two of the contract lists out the 'insured events' Great Lakes has chosen to cover if a policyholder's trip is cancelled. That list does not include the inability of a ship being able to leave dock and travel as planned due to poor weather conditions. And the cancellation section of the policy makes it clear that Great Lakes won't pay claims if the cancellation isn't down to one of the listed, specified events it's agreed to cover. So even if I had considered cancellation cover was in place when Mr and Mrs B boarded the ship and the storm began, I don't think Great Lakes unreasonably concluded that their claim wasn't

covered by this section of the policy regardless. I'd add that in my experience, there's no travel insurance policy on the market which would cover this particular situation.

Section three of the policy provides cover for curtailment and loss of holiday. I don't think any of the listed insured events Great Lakes has chosen to cover under this section would reasonably apply to Mr and Mrs B's situation. Even if they had though, as I've said, Mr and Mrs B did make use of the ship's facilities for the duration of their trip even if they didn't have the trip they'd planned. Therefore, their trip wasn't curtailed. And loss of holiday is broadly defined as being the number of complete days a policyholder is confined to their cabin, hotel room or hospital due to illness or injury. That wasn't the case here. Therefore, I think Great Lakes reasonably concluded that the claim wasn't covered by this section of the policy either.

Great Lakes initially settled the claim under the missed ports section of the optional cruise cover. This pays a benefit for each scheduled port stop a ship is unable to make due to bad weather. I can see from the booking invoice that Mr and Mrs B's cruise was due to stop at two ports and the evidence shows that these ports were missed due to storm conditions. As Great Lakes paid benefit for two missed ports, I find it's fairly settled the claim under this part of the policy.

Our investigator concluded that Great Lakes should have also dealt with the claim under section 10 – travel delay and abandonment. This says:

*'This section of the Policy sets out the cover We provide to each Insured Person in total per Insured Journey, up to the sums insured shown in the "Table of Benefits", in the event of Your unavoidable delay in departure of at least 12 hours from Your original scheduled departure time from Your first departure point on Your outward journey or Your last departure point on Your return journey as a result of:*

1. *Adverse weather conditions...*

*What is covered*

1. *Travel delay benefit for each complete 12 hours of delay.*
2. *In the event that You decide to abandon Your outward trip, the cost of:*
  - a. *Your unused non-refundable pre-booked travel and accommodation expenses which You have paid or are contracted to pay; and*
  - b. *Your unused non-refundable pre-booked airport parking, car hire, airport lounge pass and excursions which You have paid or are contracted to pay; and*
  - c. *Your unused non-refundable visa, ESTA (Electronic System for Travel Authorisation for travellers to the USA) or other relevant travel permission which You have paid.'*

I've explained above why I don't think I could fairly say Mr and Mrs B cancelled their trip. For the same reasons, I don't think I could reasonably conclude their trip was abandoned due to the poor weather conditions after 12 hours. That's because it's common ground they stayed aboard, for the full trip and benefited from the ship's facilities, food and entertainment. As such, I don't think it would be reasonable to tell Great Lakes to treat Mr and Mrs B's trip as abandoned.

However, I do agree with the investigator that Mr and Mrs B's outward departure was delayed at their departure point by more than 12 hours due to adverse weather conditions. And therefore, I'm satisfied that Great Lakes ought reasonably to have paid them delay

benefit in line with the travel delay benefit set out in the policy. I was pleased to note Great Lakes accepted this finding.

While the investigator initially wrongly found that Great Lakes should pay benefit in line with higher levels of policy cover than Mr and Mrs B actually held, he later concluded that Great Lakes should pay Mr and Mrs B benefit in line with the Essentials cover they purchased. This provided a per person benefit of £25 for each 12 hours of delay up to a maximum of £300. As it seems Mr and Mrs B experienced five complete days of delay, it seems to me that they were due benefit of £125 per person. I understand that Great Lakes has now paid settlement accordingly – but if it hasn't done so, it must do so once Mr and Mrs B let us know they accept this final decision.

As such then, I'm satisfied that following our involvement, Great Lakes has now settled this claim fairly. And I don't think there are any other sections of the policy under which I could reasonably direct Great Lakes to pay anything more.

I understand Mr and Mrs B consider that the cruise itself should have been treated as an excursion, which isn't defined in the policy terms and therefore, they think the contract is ambiguous. I don't think I need to make a finding on this point though. That's because while the cruise cover section does provide cover for missed excursions, that only applies if a policyholder is confined to their cabin due to illness or injury. As I've said, that wasn't the case here. Lost excursions are also covered in the event a policyholder makes a valid cancellation or abandonment claim. As I've explained, I don't think Great Lakes has unfairly concluded that Mr and Mrs B neither had a valid cancellation claim nor abandonment claim either.

It's clear that Great Lakes didn't handle this claim as well as it could or should have done. It asked for unnecessary documentation, it didn't refer to Mr B in line with his title and I think it could have settled the claim sooner than it did. Great Lakes has paid Mr and Mrs B £300 compensation to reflect the impact of these errors on them. In my view, this was a fair, reasonable and proportionate award to reflect what I consider to be the modest impact caused by Great Lakes' claims handling errors over a period of around three months. So I'm not telling Great Lakes to pay anything more.

I think Great Lakes ought to have paid Mr and Mrs B delay benefit upfront. But despite my natural sympathy with Mr and Mrs B's position, I'm not telling it to settle the costs of Mr and Mrs B's full claim. That's because their full claim simply isn't covered under their policy and there's no fair or reasonable grounds upon which I could depart from the contract terms.

### **My final decision**

For the reasons I've given above, I uphold this complaint to the extent that Great Lakes Insurance UK Limited must pay Mr and Mrs B delay benefit in line with the policy terms, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 7 November 2025.

Lisa Barham  
**Ombudsman**