

The complaint

Mr and Mrs B have complained that Great Lakes Insurance SE hasn't provided a pro-rata refund on an annual travel insurance policy.

As it is Mr B leading on the complaint, for ease, I will mostly just be referring to him in this decision.

What happened

In January 2024, Mr B rang the policy administrator to inform it of a change to his wife's health. Having then asked a set of medical screening questions, it stated that it could no longer provide cover for Mrs B in her circumstances. He was advised to keep the policy open whilst exploring the option of making a cancellation claim on the policy for a trip they had been due to go on in April 2024.

Mr B rang again in March 2024 to explain that he'd now registered the claim and so was enquiring about whether he could now cancel the policy. The adviser initially told him that he wouldn't be entitled to any refund of premiums if he was also making a claim. As this contradicted what he was told in January 2024, he asked the adviser to check further. After speaking to a manager, the adviser then said she had been mistaken and Mr B would be entitled to a pro-rata refund from January 2024, once the claim had been concluded.

The claim was later settled in full and so Mr B made contact again in July 2024 to pursue the refund. It was at this point that he was told he'd been misinformed and that no refund would be forthcoming.

In responding to the complaint, Great Lakes maintained its position in declining a refund of premiums. However, it apologised for the misinformation that had been provided and offered £50 for the distress and inconvenience caused.

Our investigator thought that Great Lakes' response was reasonable. Mr B disagrees and so the complaint has been passed to me for a 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.

Mr B will notice that the complaint was originally set up against a different business name.

Great Lakes are the underwriters of this policy. Part of this complaint concerns the actions of the agents it uses to administer the policy on its behalf. However, those agents act under delegated responsibility and Great Lakes has accepted accountability for the actions of its agents. To be clear, when referring to Great Lakes in this decision I am also referring to any other entities acting on its behalf.

As such, there is no need for Mr B to make a separate complaint to Great Lakes about the decision to decline a refund. The misinformation provided by the policy administrators, and the declining of the refund are all part and parcel of the same complaint, which I will address here.

Looking at the policy terms, they state:

'Changes in health

If Your health changes and We are unable to continue to provide cover or if You do not wish to pay the additional premium, You will be entitled to make a claim under the "Cancellation" section for Your costs, which cannot be recovered elsewhere, for trips booked before Your change in health.

Alternatively, You will be entitled to cancel Your Policy, in which case We will refund a proportion of Your premium.'

I consider it is clear from the above wording that a policyholder would be able to make a claim, or seek a pro-rata refund, but not both. Therefore, based on the policy terms, I'm satisfied that, having made a successful claim, Mr B was not also entitled to a refund of premiums. Therefore, Great Lakes has acted reasonably in refusing to provide a pro-rata refund.

The crux of the complaint is that it told him something different over the phone.

When a business provides incorrect information, we wouldn't necessarily expect it to honour that mistake. A relevant consideration is what would have happened had the error not occurred.

In this case, if things had happened as they should, Great Lakes would have made it clear to Mr B in January 2024 that, if he make a claim on the policy, there would be no prospect of also receiving a refund.

I appreciate Mr B's comment that there wasn't much point in cancelling the policy and that he could have potentially benefitted from its remaining term if he had undertaken any solo trips. If, as a result of Great Lakes' misinformation, Mr B had later had to purchase a new policy for himself, then I may have looked at the complaint differently to take account of any consequential loss. However, I can't look at hypothetical scenarios (in terms of what might have happened), only at what did actually happen. Listening to the phone call of 27 March 2024. Mr B says that the policy may as well be cancelled because, if he went anywhere, it wouldn't just be him, it would be both of them. Therefore, as I understand it, Mr B didn't undertake any lone travel and so I'm not persuaded that there has been any detriment as a result of the policy cancellation.

Instead, he suffered a loss of expectation when he was told in July 2024 that a refund wouldn't be provided. So, it's this loss of expectation that Great Lakes needs to compensate him for. On balance, I'm satisfied that the £50 offered by Great Lakes is reasonable and proportionate compensation for the distress and inconvenience caused by the misinformation.

I am sympathetic to Mr and Mrs B's situation. Mrs B became unwell, and they had to cancel what I'm sure was a much-anticipated holiday. Having to deal with the insurance, and then make a complaint, must have been additionally stressful on top of everything else. I do hope that Mrs B is making a good recovery. However, the matter at hand is whether Great Lakes has done anything significantly wrong – and I'm unable to conclude that it has. Overall, it

acted reasonably in declining the refund and offering £50 compensation. It follows that I do not uphold the complaint.

My final decision

For the reasons set out above, I do not uphold the complaint. However, Great Lakes Insurance SE should pay the £50 compensation now if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 19 December 2025.

Carole Clark
Ombudsman