

The complaint

Miss C complains about what Great Lakes Insurance SE did after her landlord made a claim on a rent deposit guarantee policy.

What happened

Miss C took out a rent deposit guarantee policy with Great Lakes. At the end of her tenancy her landlord made a claim on the policy for £550 for cleaning and damage. Great Lakes notified Miss C of the claim. She disputed the amount being claimed at the end of May 2025. At the end of June Great Lakes reached an initial assessment of the claim and awarded £315. It said no final decision had been reached and if the landlord provided further evidence the view might be revised. At the start of July Miss C received a text from Great Lakes saying she'd agreed to pay £315 to her landlord. Miss C said she didn't think the correct process had been followed. Great Lakes didn't agree.

Our investigator said, under the guarantee, if a claim was disputed it should be passed to a dispute resolution service for them to consider. As Miss C had disputed her landlord's claim that should have happened in this case. Instead, Great Lakes had sent her a message saying she'd agreed to pay the amount it awarded which wasn't correct. He said Great Lakes should now refer the matter to the dispute resolution service and act in line with the recommendations it made (taking into account that Miss C had already paid the £315). It should also pay her £100 in recognition of the distress and inconvenience caused by its incorrect handling of the claim.

Great Lakes didn't respond to his view or a further chaser that was then sent. So I need to 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.

The relevant rules and industry guidelines say an insurer has a responsibility to handle claims promptly and fairly. It shouldn't reject a claim unreasonably. I think it's reasonable to take these rules into consideration here.

I've looked at the terms and conditions of Miss C's deposit guarantee policy. That says in the event of a claim:

“We will ask the Beneficiary to provide Us with evidence required to support their claim and to provide such evidence within 21 days of Our request. We will contact You to discuss settlement of the claim. You are required either to accept the claim and pay the Beneficiary, or dispute the claim.

If You dispute the claim, We will refer it to Our Expert Evaluation Partner to adjudicate. You will be required to provide evidence to Our Expert Evaluation Partner to support Your reasons for disputing the claim. Should You fail to provide Your evidence within 21 days of Our request, Our Expert Evaluation Partner will adjudicate based on the information provided by the Beneficiary”.

In this case a claim was made by the landlord of Miss C’s property (the beneficiary). Great Lakes then sent Miss C a text message asking for a response to it. It’s accepted she disputed the amount her landlord was claiming using the link provided. So the claim should then have been referred to the dispute resolution service with an opportunity provided for Miss C to submit evidence in support of it.

Instead Great Lakes appears to have reviewed the claim itself and made an award in favour of the landlord. It sent Miss C an email about that at the end of June though I understand she didn’t receive it. In any event that email didn’t invite any comments from her on what was said and didn’t say she’d be assumed to have accepted the outcome if no response was received. I can understand why Miss C was therefore upset to receive a text from Great Lakes saying she’d agreed to pay the amount awarded.

And I’m not clear why that internal assessment was carried out at all given the guarantee says where a tenant disputes a claim the matter should be referred to the dispute resolution service. In the absence of any further information from Great Lakes on this I agree with our investigator that is what should have happened in this case. So it will need to refer the claim to the dispute resolution service and act in line with the recommendations it makes (taking into account the £315 Miss C has already paid). I also agree that Great Lakes failings in its handling of the claim (including telling Miss C she’d agreed to pay £315 when that wasn’t the case) will have caused her avoidable distress and inconvenience. Great Lakes will also need to pay her £100 in recognition of the impact of that.

My final decision

I’ve decided to uphold this complaint. Great Lakes Insurance SE will need to put things right by doing what I’ve said in this decision.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss C to accept or reject my decision before 20 April 2026.

James Park
Ombudsman