

The complaint

Miss M complains that Great Lakes Insurance SE withdrew cover in relation to her travel insurance policy. Reference to Great Lakes includes its agents.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here in full. In summary, Miss M had an annual travel insurance policy for several years. The annual policy in place at the time of the events complained of started on 8 August 2019.

In January 2020, Miss M received a cancer diagnosis and underwent treatment. Miss M had trips planned for April and May 2020. She contacted Great Lakes to make sure her cover was in order and told it about her diagnosis and treatment. Great Lakes said that it could no longer offer Miss M cover. Miss M's trips were subsequently cancelled because of Covid-19.

In June 2020, Great Lakes told Miss M that the policy was cancelled from 23 January 2020 and issued a pro rata refund of £44.21. Miss M wants a refund of the premium and compensation for the worry and distress this matter caused.

My provisional decision

On 6 September 2021, I sent both parties my provisional decision in which I said:

"The relevant rules and industry guidance say that Great Lakes has a responsibility to handle claims promptly and fairly and it shouldn't reject a claim unreasonably.

I don't intend to uphold Miss M's complaint because I don't think that Great Lakes treated her unfairly. I say that because:

- *Based on what I've seen, Great Lakes hasn't shown that Miss M had a pre-existing medical condition when she renewed the policy in August 2019. Miss M's policy defines a pre-existing medical condition as:*

"Any [...] cancerous condition [...] which has ever been suffered from or for which any form of medical advice, treatment or medication has been received; or any medical condition which has necessitated hospital inpatient treatment within the past twenty four months."

I haven't seen anything to support a conclusion that Miss M's diagnosis in January 2020 was a pre-existing medical condition within the meaning of the policy. But that's not the end of the matter.

- *Miss M's policy provides that she must tell Great Lakes of any changes to the answers she gave when she took out the policy. That includes changes to her health. Miss M*

acted in accordance with the policy terms when she told Great Lakes about her diagnosis and treatment.

- *The central issue is whether Great Lakes acted fairly when Miss M told it about changes to her health mid-way through the policy year.*
- *Great Lakes isn't obliged to continue to offer cover if there's been a fundamental change in the risk it agreed to cover at the outset. When there's a fundamental change, Great Lakes may withdraw cover or change the cover or premium. Here, Great Lakes considered the change in the risk Miss M's condition presented and withdrew cover.*
- *In general terms, insurers can decide what risks they wish to take on. Great Lakes says that the new information Miss M provided about her health meant that its underwriting criteria wasn't met. I've seen nothing to suggest that Great Lakes treated Miss M any differently than it would treat anyone else in the same position.*
- *Where an insurer withdraws cover entirely in circumstances like these, we'd expect it to offer to cover the costs of cancelling any holiday which has already been booked and was due to be taken during the policy year. Even if cancellation isn't medically necessary at that point, we think this is the fair and reasonable thing for insurers to do.*
- *I've seen internal exchanges between Great Lake's agents setting out that Miss M's options were to have a refund, buy another policy with another insurer and make a cancellation claim or submit a cancellation claim on this policy. But Miss M says that those options weren't put to her. Great Lakes was at fault in that the options weren't put to Miss M, but I don't think that alters the outcome here. That's because Miss M didn't cancel her trips because of the diagnosis she received. As I understand it, Covid-19 meant that Miss M's planned trips didn't go ahead in any event and that didn't lead to claims against the policy. So, the only relevant remedy is a refund of the premium.*
- *In June 2020, Great Lakes told Miss M that the policy was cancelled from 23 January 2020 and issued a pro rata refund of £44.21. I think that's fair. I don't think that I can fairly direct Great Lakes to refund the whole premium, as Miss M had the benefit of the policy up to the date she told Great Lakes about her change in health."*

Responses to my provisional decision

Great Lakes said that it had nothing further to add. Miss M didn't accept my provisional decision. She said, in summary:

- The provisional decision is flawed as it's based on the fact that Covid-19 interrupted travel plans, rather than the actions of Great Lakes.
- She was left without travel insurance when the policy was cancelled and wasn't made aware of the options open to her. Great Lakes' agent was at fault in failing to tell her that Great Lakes would continue cover for the holiday she'd booked.
- The brokers gave her misleading information.
- The documentation didn't cover the possibility that her policy may be cancelled.

- By the time Great Lakes responded to her, she'd had surgery and been told that she didn't need any further treatment, so she didn't have a "*condition*".
- Great Lakes failed in its duty of care to her.

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 looked at the actions of Great Lakes in deciding this complaint. The crux of the matter is that Great Lakes isn't obliged to continue to offer cover if there's been a fundamental change in the risk it agreed to cover at the outset. I appreciate that Miss M isn't happy about that. I mentioned covid-19 as that's part of the background events here and it affected what happened in that Miss M's didn't need to make a claim against her policy, even though her trips were cancelled.

I've found that Great Lakes was at fault in not putting available options to Miss M after it had decided to cancel her policy. But, as I said, that doesn't change the outcome here. That's because covid-19 meant that Miss M's trips didn't go ahead in any event and there was no claim on the policy.

Miss M's policy provides for cancellation of the policy by Great Lakes. It says:

"We [...] may at any time cancel any insurance document [...] where there is a valid reason for doing so. [...]"

I think that the change in Miss M's health was a valid reason for Great Lakes cancelling the policy, as there was a fundamental change in the risk it had agreed to take on. And that remains the case even when there's been successful treatment for the change in health.

I've considered what's been said but I've seen no reasons to depart from the conclusions I reached in my provisional decision. So, for the reasons set out in my provisional decision and above, I don't uphold Miss M's complaint.

My final decision

My final decision is that I don't uphold Miss M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 10 November 2021.

Louise Povey
Ombudsman