

The complaint

Mrs B, Miss B, Mr B and Mr B's complaint is about a claim they made on their Great Lakes Insurance SE ('Great Lakes') travel insurance policy.

Mrs B, Miss B, Mr B and Mr B say Great Lakes treated them unfairly.

What happened

Mrs B, Miss B, Mr B and Mr B booked a return flight to Italy. On their return home their flight was cancelled because it had missed the air traffic slot.

Mrs B, Miss B, Mr B and Mr B say they contacted Great Lakes at this point and were told their policy would cover them if they booked into a hotel and arranged a later flight home. They also say they were told that they could each incur up to £3,000 per person including hotels, taxis and other expenses and could also claim for the cost of travel from another UK airport to the one they'd booked if they were only able to arrange a return flight to a different airport in the UK.

When they put in their claim on returning home, Great Lakes declined to pay all it in contrast to what Mrs B, Miss B, Mr B and Mr B say they were told. They're also unhappy with the time it took for their claim to be considered and the fact that they had to keep supplying further information, only for them not to be covered for everything. They say this took about four months in total. Mrs B, Miss B, Mr B and Mr B want Great Lakes cover the total amount they're claiming for.

Great Lakes say that Mrs B, Miss B, Mr B and Mr B don't have the travel disruption extension added to their existing travel insurance policy which would have covered them for the claim they were making in full and as such the amount they'd paid out in respect of the claim was correct.

They did however acknowledge some failings in the service they'd provided. They offered Mrs B, Miss B, Mr B and Mr B £125 for delays in the progression of the claim and £100 for failing to deal with one of their complaint points respectively. Mrs B, Miss B, Mr B and Mr B remain unhappy so referred their complaint to the Financial Ombudsman Service.

Our investigator considered their complaint and concluded it shouldn't be upheld. She said the policy they purchased didn't cover them for the full extent of the claim they were seeking to be reimbursed for. She also said that Great Lakes settled the difference in the cost of the cancelled flights and the refund they received for this, even though the policy terms only provided cover for delays rather than cancellation. The investigator also took the view that the compensation Great Lakes offered for delays and service failings was adequate in the circumstances. Mrs B, Miss B, Mr B and Mr B don't agree so the matter was passed to me to determine.

Earlier this month I issued a provisional decision in which I said:

"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 intend to depart from the investigator's findings and uphold Mrs B, Miss B, Mr B and Mr B's complaint.

Mrs B, Miss B, Mr B and Mr B's policy only covers them for travel delay and not the cancellation of their flight home. The travel delay section of the policy extends to paying "£50 for the first full 12 hours then £10 for each following full 12 hour period" per insured person. They didn't have the benefit of the travel disruption extension to their policy, which would have covered them for considerably more.

In this Great Lakes didn't cover the difference between the cost of the flights back to the UK and the sum they were expecting to be refunded to them by the airline that cancelled the flight as the investigator said. Rather they paid out the claim under the travel delay section, calculating the delay at 48 hours and paying that in accordance with their terms.

Great Lakes haven't covered the difference between the cost of flights back to the UK and the amount to be refunded by the airline who cancelled the flight, the cost of the hotel Mrs B, Miss B, Mr B and Mr B stayed in, their taxi back to the airport in Italy and the cost of food and refreshments from the point their flight was cancelled, until Mrs B, Miss B, Mr B and Mr B were able to return back to the UK. The policy terms don't require Great Lakes to do this, but I've considered what Mrs B, Miss B, Mr B and Mr B were told when they called Great Lakes from the airport to establish what help could be provided.

The call recording doesn't appear to have considered by Great Lakes before they responded to Mrs B, Miss B, Mr B and Mr B's complaint. Indeed, it was only provided to the investigator in response to a further request for it after she issued her initial view. Having listened to it, it's clear that the information Mrs B was given on the call about the travel cover they had in place was wrong. She was told they have a comprehensive policy which covers them for extended travel delay and enforced delay up to a maximum of £1,000 per person. The person she spoke to said they could book a flight with another airline and if it was more expensive, they could claim for the difference. The advisor also said that if they couldn't book new flights on that day then they could stay in a hotel and book new flights the following day. In addition, Mrs B was told that if they were struggling to find a flight back to the UK airport, they had parked their car at, they would be covered to fly to another UK airport and claim for the taxi fare between those airports. She was asked to save their receipts and submit them with their claim on her return.

In considering this call recording, our investigator agreed that although Mrs B, Miss B, Mr B and Mr B had been given the wrong information, this wouldn't have made a difference to the sums they would have had to spend to get home, whether or not Great Lakes covered it. She thought the only detriment to Mrs B, Miss B, Mr B and Mr B was the loss of expectation of having their claim covered for this and that was covered by the compensation payment already offered by Great Lakes. Mrs B, Miss B, Mr B and Mr B don't agree. They say they would have done something differently if they'd been given the correct information like sleep at the airport to minimise the amount they would have had to pay, rather than incur the costs they were led to believe would be covered.

I've thought about what they've said as well as what was said on the call by Mrs B. She said they'd looked at other flights returning to the UK that day and that they were very expensive and fully booked due to airline strikes. I've also noted Mr B's comments to Great Lakes in an email that the earliest flight they could find to return was two days later. Given what the Great Lakes advisor told them, I think it's likely that if Mrs B, Miss B, Mr B and Mr B found a flight returning the same day, they would have done so as they were led to believe the cost difference in the cancelled flight and any new one would be covered.

I also take on board what they say about hotel and other costs. Mrs B, Miss B, Mr B and Mr B were led to believe that their hotel and other costs up to £1,000 per person would be covered. They say that if they'd been told they weren't, they might have slept at the airport. But I'm not persuaded by this. Given Mr B's confirmation to Great Lakes that the next available flight back to the UK wasn't until two days later, I think it's unlikely they would have chosen to sleep at the airport. I might have been more inclined to accept what they've said about this if the next flight was, say a few hours later or even the next morning, but in this case, I'm not satisfied they would have done so. And like I've said above, I think they would have returned sooner if they could have given the representations that were made to them. So, it follows that I don't think they would have done anything differently if they'd been given the correct information by Great Lakes when they called.

In particular, Mrs B, Miss B, Mr B and Mr B would always have incurred the return flight costs, the cost of additional accommodation, their taxi back to the airport in Italy and the cost of food and refreshments from the point their flight was cancelled, until they were able to return back to the UK. So, I don't think Great Lakes need to pay their claim for this. I do however think the information their advisor gave caused a loss of expectation to Mrs B, Miss B, Mr B and Mr B and that they should receive additional compensation for this. I've gone on to consider this together with the compensation Great Lakes has already offered below.

Mrs B, Miss B, Mr B and Mr B are unhappy with the level of compensation they were offered given the months they had to chase for the claim to be considered and the fact that they remain out of pocket. They say the total of £225 they've been offered is derisory and only represents less than 1% of the initial cost of their claim. I agree that £225 doesn't properly compensate them for the difficulties they'd encountered. They were clearly given the wrong information by the advisor on the travel claims line that Great Lakes are responsible for which caused a loss of expectation. Had Great Lakes listened to the call recording sooner, I think it's likely they would have picked up on this and agreed to offer them something more in respect of their error. Mrs B was after all able to provide the name of the person she spoke to, so the call was identifiable. Indeed, Great Lakes were able to supply this to the investigator, so the task wasn't impossible. Because of this, I think Great Lakes should pay Mrs B, Miss B, Mr B and Mr B £400 for loss of expectation and a further £400 in compensation for delays and poor handling of the claim generally to include the issues that Great Lakes identified. This award includes the sum of £225 that Great Lakes have already offered Mrs B, Miss B, Mr B and Mr B.

Putting things right

Great Lakes should pay Mrs B, Miss B, Mr B and Mr B a total of £800 in compensation for the loss of expectation caused by the information they gave them as well as the delays and poor handling of the claim. This amount includes the sum of £225 that Great Lakes have already offered."

I asked both parties to provide me with any comments and evidence they wanted me to consider. Mrs B, Miss B, Mr B and Mr B have said they are pleased with the outcome I've reached and have nothing further to add. Great Lakes have acknowledged receipt of the decision but haven't responded to the substance of it. Given the time for responding to my provisional findings has now passed, I shall now make my 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.

Having done so, I remain of the view that Mrs B, Miss B, Mr B and Mr B's complaint should

be upheld for the reasons I set out in my provisional decision. Neither party has made any submissions or supplied any further information or evidence that makes me think the outcome I reached was wrong or that the compensation I've awarded isn't adequate. As such, Great Lakes should put things right in the way I've directed below.

Putting things right

Great Lakes should pay Mrs B, Miss B, Mr B and Mr B a total of £800 in compensation for the loss of expectation caused by the information they gave them as well as the delays and poor handling of the claim. This amount includes the sum of £225 that Great Lakes have already offered.

My final decision

I uphold Mrs B, Miss B, Mr B and Mr B's complaint against Great Lakes Insurance SE and direct them to put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B, Miss B, Mr B and Mr B to accept or reject my decision before 28 November 2023.

Lale Hussein-Venn
Ombudsman