

## **The complaint**

Ms B and Mr S complain that Great Lakes Insurance SE hasn't paid a claim they made on a 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 key events.

Ms B and Mr S took out an annual travel insurance policy through a broker. They were due to take a multi-flight journey in March 2023.

However, in October 2022, they learned that one of the flights times had changed, which meant they'd miss other connections. Ms B and Mr S' travel agent told them that the original flight could be cancelled and a new flight could be arranged which would allow them to take the remainder of their pre-booked itinerary. The new flight would cost an extra £1071. So Ms B and Mr S called to check whether the cost of the new flight would be covered.

Ms B and Mr S say Great Lakes told them that the cost would be covered. On that basis, they say they went ahead with booking the new flight. They made a claim on their travel insurance policy for the cost they incurred.

Great Lakes turned the claim down. It said the circumstances of the claim weren't covered by any section of the policy.

Ms B and Mr S were unhappy with Great Lakes' decision and they complained. They maintained that they'd only booked the new flight because Great Lakes had told them the cost would be covered.

Our investigator considered the available evidence. He thought that Ms B and Mr S' trip had already begun at the time of the call. So he thought the flight change happened during the trip. He didn't think the claim was covered by the policy terms. And he noted there was no record of the conversation which had taken place between Mr S and Great Lakes' claims team. But he accepted it was most likely that the call had happened as Mr S had said.

However, given his understanding that Ms B and Mr S' trip was already underway at the time of the new flight booking, the investigator concluded that they'd still have chosen to pay for the new flight. So he didn't think they'd suffered a financial loss as the result of any error Great Lakes may have made.

Nonetheless, he thought Great Lakes had given Ms B and Mr S a reasonable expectation that their claim would be paid. So he recommended that it should pay them £200 compensation for the trouble and upset this misinformation had caused them.

I issued a provisional decision on 9 November 2023, which explained the reasons why I thought it had been fair for Great Lakes to turn down Ms B and Mr S' claim, but why I felt it should pay them £200 compensation. I said:

*'First, I must make it clear that while the investigator felt Ms B and Mr S' trip had already begun at the time of the call to Great Lakes, I don't agree with this finding. The evidence indicates that Ms B and Mr S were due to travel in March 2023. But the call took place in October 2022, some months prior to the trip. Necessarily then, I think the flight change and new flight purchase happened some time before the trip began.*

*The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So I've considered, amongst other things, the terms of Ms B and Mr S' policy and the circumstances of their claim, to decide whether I think Great Lakes treated them fairly.*

*Was it fair for Great Lakes to conclude that the claim wasn't covered?*

*I've first carefully considered the policy terms, as these form the basis of the contract between Ms B, Mr S and Great Lakes. I've had particular reference to the cancellation, trip disruption and travel delay sections of the policy. It doesn't appear to me that Ms B and Mr S' new flight costs would be covered under any section of the policy. And I note that the cancellation and trip disruption sections of the policy include the following specific exclusion:*

*'What is not covered*

*failure by the provider of any part of the booked trip to supply the service or transport (whether as the result of error, insolvency, bankruptcy, liquidation, omission, default or otherwise), unless the event is specifically covered by this policy. You should direct any claim in this case to the provider involved.'*

*It's clear that Ms B and Mr S had to book new flights because their original flight provider changed the flight time. This meant they wouldn't have been able to catch their pre-booked connections. So I don't think it was unfair or unreasonable for Great Lakes to conclude not only that their claim wasn't covered by the policy terms, but also that it was specifically excluded from cover too.*

*Did Great Lakes prejudice Ms B and Mr S' position?*

*Mr S contacted the policy broker because he wanted to check whether the cost of the new flight would be covered. During the call, he was transferred to Great Lakes' claims department. While the call with the broker was recorded, there doesn't seem to be a copy of what was said after the call was transferred to the claims team. Having listened to the available recording, I'm satisfied that Mr S clearly explained the situation and that he was calling to ask whether the new flight cost would be covered. The broker explained that it wasn't able to give claims advice or information, so transferred Mr S' call to Great Lakes' claims team. As the broker and Great Lakes are two entirely separate financial businesses, this is likely to be the reason why the recording ended at the point of transfer.*

*Ms B and Mr S have maintained that they were told their new flight costs would be covered. In the absence of the call recording to determine exactly what was said, I need to make a decision based on the balance of probabilities. That is, what I think is most likely to have happened given the available evidence and circumstances. As I've explained, during the call, Mr S clearly explained the situation and that he was calling to check cover. So I think it's most likely that he'd have provided the claims team with a very similar explanation of the circumstances and the reason for his call. And in my view, Ms B and Mr S have given clear, consistent, plausible and persuasive testimony about what they were told by Great Lakes' claims team. On balance then, I do currently think it's more likely than not that Great Lakes told Mr S that the new flight cost would be covered.*

*However, it doesn't necessarily follow that even if I accept Great Lakes did give Mr S misleading information, it must pay for the new flight. In order for me to make such an award, I'd need to be satisfied that but for Great Lakes' misinformation, Ms B and Mr S would've acted differently. And I'd need to be satisfied that, as a result of Great Lakes' misinformation, Ms B and Mr S incurred costs they wouldn't otherwise have done.*

*On the evidence before me, I don't currently think I can fairly find that this was the case. I say that because Ms B and Mr S told us that if they'd been told that the costs of the new flight wouldn't be covered, the whole trip would have had to have been completely re-routed. And they told us they couldn't have taken the holiday they planned. It seems to me that if Ms B and Mr S had chosen to cancel their trip rather than buy a new flight; any cancellation costs they'd accordingly incurred wouldn't have been covered by the policy terms. That's because the cancellation section of the policy doesn't cover cancellation due to the rescheduling of a flight, or the impact of such a cancellation on a policyholder's planned itinerary. So even if Ms B and Mr S cancelled their trip, I think the resulting cancellation costs are likely to have been substantially higher than the cost of the new flight. This means I think they'd have suffered a significantly higher financial loss.*

*It's possible that Ms B and Mr S' travel agent could have re-routed their entire trip. But I've seen no persuasive evidence that this could have been done. Nor have I seen evidence that the cost to Ms B and Mr S of such an itinerary change would've been less than the cost of the new flight.*

*Overall, on balance, I currently think that even if Great Lakes had given Ms B and Mr S the right information about their cover, they'd still most likely have decided to pay for the new flight, so that they could mitigate their potential losses. And I simply haven't seen enough evidence to persuade me that Ms B and Mr S have been prejudiced by Great Lakes' actions. So it follows that I'm not intending to direct Great Lakes to pay their claim costs, despite the misinformation I think they were given.*

*However, I agree with the investigator that Ms B and Mr S are likely to have suffered unnecessary upset and inconvenience when they learned that, in fact, their claim wasn't covered. And I think this loss of expectation and upset were entirely avoidable. So I'm planning to direct Great Lakes to pay Ms B and Mr S £200 compensation to reflect the material trouble and upset I consider the misinformation I think it likely gave them caused.'*

I asked both parties to provide me with any further information or evidence they wanted me to consider.

Great Lakes didn't respond by the deadline I gave.

Ms B and Ms S confirmed they'd received my provisional decision but didn't make any further submissions.

### **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, as neither party has provided any new evidence or comments, I see no reason to change my provisional findings.

So my final decision is the same as my provisional decision and for the same reasons.

**My final decision**

For the reasons I've given above and in my provisional decision, my final decision is that I find it was fair for Great Lakes to turn down Ms B and Mr S' claim.

But I direct Great Lakes Insurance SE to pay Ms B and Mr S £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B and Mr S to accept or reject my decision before 10 January 2024.

Lisa Barham  
**Ombudsman**