

The complaint

Mr and Mrs B complain about Great Lakes Insurance SE's settlement of their travel insurance claim. My references to Great Lakes include its claims handling agent.

What happened

Mr and Mrs B had an annual multi trip travel insurance policy insured by Great Lakes. They went on a holiday which should have consisted of two cruises, a stay at a hotel followed by a third cruise.

At the end of the first cruise Mr B tested positive for Covid-19 and in line with the ship's regulations he and Mrs B were confined to their room. They arrived in the country where the hotel stay was to take place but under the local government regulations they had to stay in a quarantine hotel for a minimum of seven days or until they tested negative. Mr and Mrs B say she also became unwell with Covid-19. As a result of their illness they weren't able to use the pre-booked hotel and weren't able to join the second cruise. About 10 days later they both tested negative for Covid-19 and were able to join the third cruise.

Mr and Mrs B claimed on the policy for their accommodation and meal costs for their stay in quarantine and the cost of the second cruise they couldn't go on.

Great Lakes accepted the claim but only paid some of the costs. Great Lakes paid for the quarantine hotel on a room only basis, the medical costs and the policy's 'Covid benefit' of £20 a day for the time Mr B was in confinement.

Great Lakes wouldn't pay for Mr and Mrs B's taxi costs as there was no receipt, the food costs while Mr and Mrs B were quarantined or the lost costs due to their confinement. The latter accounted for most of the costs claimed. Great Lakes said under the policy terms there was no cover for curtailment (cutting short the trip) in Mr and Mrs B's circumstances except for unused excursions up to £350 and it had no evidence they had unused excursions.

Mr and Mrs B complained to us. In summary they said:

- The policy 'Covid-19 Cover' section said it 'extends' cover of the 'Cancellation' and 'Cutting Short Your Trip' sections of the policy which meant it supplemented the cancellation and curtailment sections of the policy. Great Lakes had said in its letters that the 'Covid-19 Cover' section 'superseded' other sections of the policy but that's not what the policy terms said.
- They took out the policy because they understood from the policy wording and the advertisement of the policy that they would be fully covered if they had Covid-19. When Mr B took out the policy on the phone he told Great Lakes that Covid-19 cover was one of the reasons he took out the policy and Great Lakes didn't tell him there was restricted cover for Covid-19.

Our investigator said Great Lakes had reasonably settled the claim.

Mr and Mrs B disagree and want an ombudman's decision. They added:

- More explanation about why they thought the use of the word 'extend' in the 'Covid-19 Cover' section of the policy should mean their claim is covered. They said that under the 'Cutting Short Your Trip' section of the policy their claim would be covered as their trip was cut short. But Great Lakes use of the 'Covid-19 Cover' section only limited the circumstances curtailment is covered whereas that section should extend the 'Cutting Short Your Trip' section.
- The 'Covid-19 Cover' section covers unused accommodation costs if they are denied boarding on their pre-booked outbound travel due to contracting Covid-19. With their travel arrangements it could be said that every day of the trip was an outbound trip until they reached home.
- Great Lakes not paying for their food and drink without any other care arrangements in place for them was unreasonable and probably against their human rights.
- Mrs B was never tested as positive for Covid-19 but she was denied access to the prepaid accommodation. The lack of test result for her meant she wasn't entitled to the policy's 'Covid benefit' and she didn't receive any payment for her food so she was disadvantaged twice.
- Great Lakes' medical assistance team didn't contact them while they were in confinement to ask if they needed repatriation to the UK.

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 considered all the points Mr and Mrs B have made but I won't address all their points in my findings. I'll focus on the reasons why I've made my decision and the key points which I think are relevant to the outcome of this complaint.

During our investigation Mr and Mrs B raised their concerns that the policy was mis-sold. Great Lakes didn't sell the policy to Mr and Mrs B, so I'm not commenting on the sale of the policy in this decision. If they wish to pursue a complaint about mis-selling they'll need to complain to the relevant business and our investigator will contact Mr and Mrs B about that.

Mr and Mrs B have also now raised their concerns about the service Great Lakes provided for their care during their illness. If they want to pursue that matter they will need to first complain to Great Lakes about their concerns and if agreement can't be reached they can ultimately make a separate complaint about Great Lakes' service to us. However, it's fair for me to tell Mr and Mrs B now that we would generally say it's for a policyholder to keep the insurer updated about their situation. Mr B's diary of events attached to his 10 November 2022 letter to Great Lakes says he told Great Lakes about their situation, said they needed no assistance and Great Lakes told him to keep it informed if anything changed. So I think it's unlikely we'd say that Great Lakes acted unreasonably by not contacting them to discuss the possibility of repatriating them when it had no information from Mr and Mrs B that repatriation may be appropriate.

This decision is about whether Great Lakes settled the claim fairly and reasonably.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And they mustn't turn down claims unreasonably.

I think Great Lakes fairly and reasonably settled the claim. I'll explain why.

Great Lakes considered Mr and Mrs B's claim under the Covid-19 section of the policy. I've looked to see if that was fair and reasonable.

The Insurance Product Information Document ('IPID') says, on page 1 under the heading 'What is not insured?':

'Covid-19, or any related/mutated form of the virus. Unless cover is specified within the policy wording'.

The 'General Exclusions' section of the policy says:

*'No section of this policy shall apply in respect of...
Claims arising from, or related to any coronavirus including but not limited to COVID-19, or any related/mutated form of the virus unless specifically listed as covered by this policy'.*

So I think Great Lakes acted fairly and reasonably by considering Mr and Mrs B's claim under the specific 'Covid-19 Cover' section of the policy as this section is where there's specific cover for circumstances relating to Covid-19.

The 'Covid-19 Cover' section of the policy says:

'This section of cover extends the Emergency Medical and repatriation section, the Cancellation or Cutting Short Your Trip sections of this policy as follows:

What is covered for Emergency Medical and Repatriation Expenses: We will pay up to the amount shown in the table of benefits under section 3a Emergency Medical & Repatriation expenses for each insured person who contracts COVID-19, as proven by a medically approved test showing a positive result for COVID-19, during an insured trip outside the United Kingdom for the following:

a) medical expenses (including transportation to the nearest suitable hospital) for the immediate needs of an unforeseen medical emergency, when deemed necessary by a recognised doctor and agreed by our Medical Officer

...

d) additional travel and accommodation costs as authorised by our Assistance Company up until our Medical Officer advises that you can be repatriated home.

...

e) a benefit payment of £20 per complete 24 hour period up to £300 where you are ordered into self-isolation in your holiday accommodation by a relevant Government authority, as a result of you contracting COVID-19'.

These are the terms that apply to Mr and Mrs B's situation and under which Great Lakes has paid their claim for the quarantine accommodation.

I think Great Lakes acted in line with the policy terms and reasonably in not paying for the food as the policy terms exclude:

'any costs for normal day to day living such as food and drink which you would have expected to pay during your trip',

Even if the missed cruise was all inclusive of food and drink there's no cover for any additional food and drink costs.

The policy terms say Mr and Mrs B need to provide a receipt for any transport costs so I think it was reasonable for Great Lakes not to pay for the taxi if there was no receipt.

Mr and Mrs B say Great Lakes was unfair not to pay Mrs B the daily benefit payment when she wasn't allowed into the scheduled hotel or on the second cruise. But I think Great Lakes acted in line with the policy terms and reasonably in only paying for the daily benefit payment for Mr B. The policy terms say Great Lakes will pay the insured expenses and benefit *'for each insured person who contracts COVID-19, as proven by a medically approved test showing a positive result for COVID-19'*. And the policy specifically excludes:

'claims relating to any person contracting COVID-19, where this is not proven by a medically approved test showing a positive result for COVID-19'.

Mr and Mrs B accept that she didn't have a formal Covid-19 test so Great Lakes have no evidence to support that Mrs B also had Covid-19. I don't think Mrs B not being able to stay at the scheduled hotel or go on the second cruise necessarily shows she had Covid-19. That's because I think it's more likely than not that the regulations which required Mrs B to go into the quarantine hotel and not be allowed on the second cruise would also apply because she'd been in close contact with Mr B who had a positive test.

The 'Covid-19 Cover' section of the policy continues with the heading 'What is covered for Cancellation and Cutting Short Your Trip' which says:

'We will pay you up to the amount shown in the table of benefits for either Section 1. Cancellation, or Section 2. Cutting Short Your Trip per insured person for any irrecoverable unused travel and accommodation costs (and other prepaid charges) which you have paid or are contracted to pay which you have paid or are contracted to pay, if you were not able to travel and use your booked accommodation or undertake the trip as a result of:

...

b) you are denied boarding on your pre-booked outbound travel due to you contracting COVID-19, or having a confirmed temperature above 38 degrees Celsius.

...

or where you have to Cut short your trip as a result of:

a) the death as a result of COVID-19, of a close relative or a member of your household living in the United Kingdom.

b) the hospitalisation as a result of COVID-19 for treatment with mechanical ventilation, of a close relative or a member of your household living in the United Kingdom.

c) you are unable to continue with a pre-booked excursion following your self isolation as ordered by a relevant Government authority due to contracting COVID-19, up to a maximum of £350 for all excursions.'

I don't think Mr and Mrs B were denied boarding on their pre-booked outbound travel due to Covid-19, as they suggest. They weren't on their outbound travel, they had left the UK and were already part way through their trip when they were told they couldn't continue with the trip as planned due to Mr B's Covid-19.

The cover that's available under the policy when a trip is cut short due to Covid-19 is set out under (a) to (c) above. The reasons in (a) and (b) don't apply to Mr and Mrs B's circumstances and Great Lakes has offered under (c) to assess a claim for any pre-booked excursions they weren't able to go on if they can provide evidence of such exclusions.

Mr and Mrs B believe the 'Cutting Short Your Trip' section of the policy would cover their claim and they've explained in detail why they think that as the 'Covid-19 Cover' section says that section *'extends'* the Cancellation or Cutting Short Your Trip sections of this policy their claim should be paid.

I'm satisfied that the claim isn't covered under the 'Cutting Short Your Trip' section of the policy. The policy defines 'Cut short/Cutting short' as:

'Either:

a) the immediate direct early return from your trip to your home country, in which case claims will be calculated from the day you returned to your home country and based on the number of complete days of your trip you have not used, or

b) being a hospital in-patient outside your home country for a period in excess of 48 hours'.

Mr and Mrs B didn't return home and they weren't a hospital inpatient. So their claim isn't covered by the cutting short policy terms. There are certain, exceptional situations where I might consider that it would be fair and reasonable for an insurer to consider a policyholder's trip as having been 'in effect' curtailed where they've been forced to isolate in their accommodation rather than continue a trip. But I don't think it would be fair or reasonable for me to direct Great Lakes to step outside a strict application of the policy wording in these circumstances because the circumstances that Mr and Mrs B found themselves in were due to Covid-19 and the policy cover for that situation is under the 'Covid-19 Cover' policy terms I've set out above.

The 'Covid-19 Cover' section of the policy extends the 'Cutting Short Your Trip' section so that the policy provides cover when a trip is cut short due to Covid-19 due to the reasons set out under (a) to (c) above of the 'Covid-19 Cover' section.

I'm satisfied that Great Lakes fairly and reasonably considered the claim under the 'Covid-19 Cover' section of the policy and that its settlement of the claim is fair and reasonable,

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 1 December 2023.

Nicola Sisk
Ombudsman