

## The complaint

Mr and Mrs G complain that Great Lakes Insurance SE declined their claim against their travel insurance policies. They also complain about the service they received following their claim.

## 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, in February 2021, Mr and Mrs G booked a trip which included a cruise starting in Canada and ending in the USA. The departure and return dates of their trip were 11 October 2022 and 23 October 2022 respectively.

In October 2021, Mr and Mrs G each took out an annual multi-trip policy underwritten by Great Lakes. The policies covered the period 11 October 2021 to 10 October 2022. The geographical limit of the policies was worldwide, excluding USA, Canada, Mexico and the Caribbean.

In August 2022, Mr G was diagnosed with a serious health condition and required emergency surgery. Mr and Mrs G cancelled their trip. The trip provider said that there was no refund under the terms and conditions of their booking. Mr and Mrs G made a claim against their policies in relation to their unused, non-refundable costs and expenses. In February 2023, Great Lakes declined the claim. It said the destination of Mr and Mrs G's cancelled trip wasn't covered by the policy.

Mr and Mrs G complain about Great Lakes' decision to decline their claim. They know that their policies didn't include cover for a visit to Canada and say that they didn't intend to go there during the policy year. Mr and Mrs G say they are claiming under their policies for cancellation of a future trip. Mr and Mrs G say that their claim has nothing to do with increased medical costs in the countries not covered by their policies

Mr and Mrs G also complain about Great Lakes' delay in coming to a decision. They say that Great Lakes asked for information they had already provided and put them to unnecessary trouble and expense by asking for extensive medical records. Mr and Mrs G want Great Lakes to settle their claim for cancellation.

One of our investigators looked at what had happened. The investigator didn't think that Great Lakes had acted unfairly or unreasonably in declining Mr and Mrs G's claim, but she thought that it had caused them distress and inconvenience in its handling of their claim. The investigator recommended compensation of £200.

Great Lakes accepted what the investigator said but Mr and Mrs G did not. They said, in summary:

- The outcome of their claim depends on whether '*destination*' includes all potential future destinations, beyond the policy year and whether the policy document makes that clear.

- They bought the policies for destinations they were planning to visit in the policy year 2021-2022.
- The policies had only one benefit - cancellation - in relation to holidays taken beyond the policy year.
- The day the policies expired, they planned to take out new policies to cover the following year's destinations.
- The policy wording is ambiguous or irrelevant, as no trip destination in the policy year was outside the geographical limits covered by the policy.
- Cancellation cover terminates at the start of the trip, so the geographical limits have no bearing on a claim for cancellation.
- It's unfair to require them to pay a higher premium for additional risks that didn't apply in their case.
- The difference in premium in relation to geographical limits is presumably because of higher medical costs in certain countries. That's irrelevant in their case.
- The reason Great Lakes gave for declining the claim isn't covered by the policy terms.
- They could have claimed for another trip due to take place in March 2023, but they didn't do so because they thought this claim was progressing. A claim for the other trip could have been successful if this claim had been declined on day one.

As there was no agreement between the parties, the claim was passed to me to decide.

In this decision, I'm dealing with Mr and Mrs G's complaint about how Great Lakes dealt with their claim following cancellation of their trip which was due to take place in October 2022, as that's the complaint they made to Great Lakes. If Mr and Mrs G wish to complain about a claim for a cancelled trip which was due to take place in March 2023, they should complain to Great Lakes in the first instance. If they are not happy with Great Lakes' response, they may refer the matter to this service.

### **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 have considerable sympathy for Mr and Mrs G's position. Through no fault of their own, they had to cancel their trip. It's clear and quite understandable that Mr and Mrs G have very strong feelings about this matter. They have provided detailed submissions to support the complaint, which I have read and considered. However, I trust that they will not take as a discourtesy the fact that I focus on what I consider to be the central issues.

#### the relevant terms and conditions

The starting point is the terms and conditions, the relevant parts of which say as follows:

**'About your contract:**

***Your policy is a legal contract between **you** and **us**. The two parts – **your** Policy Booklet and **your** travel insurance certificate and schedule – make one legal document and **you** must read them together.***

*[...]*

**Our part of the contract is as follows:**

***We provide the cover set out in **your** Policy Booklet. **Your** travel insurance certificate and schedule shows which sections of **your** Policy Booklet **you** chose, and the total premium. This cover will only apply for people named on your travel insurance certificate and schedule during the insurance period shown on **your** travel insurance certificate and schedule and within the geographical limits shown on **your** travel insurance certificate and schedule.***

*[...]*

**Changes in circumstances:**

***You must tell us as soon as reasonably possible if:***

*[...]*

- ***Your trip destination changes and is outside the geographical limits covered by **your** policy'***

**'Section 2: Cancellation and cutting short your trip**

*[...]*

**We will pay you up to the amount shown in the Policy limits and excesses table for the level of cover you have selected, for your share of the cost of your trip as a result of:**

- The death, injury or illness, as certified by a medical practitioner, of you [or] your relative [...]

The travel insurance certificates and schedules include the following:

***'Countries of travel    Worldwide excluding US, Canada, Mexico and the Caribbean'***

#### has Great Lakes acted unfairly or unreasonably?

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 think that Great Lakes acted unfairly or unreasonably in declining Mr and Mrs G's claim, but I think that there were errors in its handling of the claim. I'll explain why I've come to those conclusions:

- Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it's willing to cover and set these out in the documentation. The onus is on the consumer to show that the claim falls under one of the agreed areas of cover within the policy.

- The event which led to the claim – the cancellation of the trip – occurred within the policy year. But that's not the end of the matter. The cancellation cover only applies within the geographical limits shown in the certificate and schedule. The geographical scope of Mr and Mrs G's cover was '*Worldwide excluding US, Canada, Mexico and the Caribbean*'. So, their policies didn't cover the destinations of the cancelled trip. That means that Mr and Mrs G didn't have cancellation cover for their trip.
- I agree with Mr and Mrs G that the policies provided cancellation cover for trips planned to take place beyond the policy year. But the geographical limits of the policies still apply.
- I appreciate that Mr and Mrs G bought the policies for destinations they planned to visit in the 2021-2022 policy year. But if they wanted cancellation cover for their trip planned for October 2022 they would need to tell Great Lakes that they planned a trip outside their policies' geographical limits. It may then have reassessed Mr and Mrs G's cover and premium.
- Great Lakes acted in accordance with the terms and conditions of the policies in declining Mr and Mrs G's claim. I've gone on to consider whether Great Lakes' decision was fair and reasonable. I think it was. I think that the geographical limits were clear. And Great Lakes set out that it required notification if the trip destination is outside the policies' geographical limits.
- Mr and Mrs G have speculated about why Great Lakes charges a higher premium for cover of wider geographical areas and say that increased medical costs in certain destinations are irrelevant in their case. I don't think that's central to their claim. It remains the case that Mr and Mrs G's policies didn't cover what happened here. I agree that medical costs in the destination country are irrelevant in cases of cancellation. But, in general terms, insurers are free to charge a higher premium for wider geographical cover.
- I think there were errors and delays in Great Lakes' handling of the claim. Mr and Mrs G made the claim in October 2022 but didn't receive Great Lakes' decision until February 2023. That's considerably longer than we'd expect a claim like this to take.
- Mr and Mrs G were asked to provide information they had already provided and put to the trouble and expense of obtaining information from Mr G's GP, which wasn't in fact necessary. Great Lakes also said that it would only deal with Mr G's claim when it was clear from the claim form that this was a joint claim. That confusion may have arisen because Mr and Mrs G each had a policy, but it should have been clear to Great Lakes that both Mr and Mrs G wished to make a claim.
- In its final response to Mr G, Great Lakes apologised for the fact that the claim wasn't declined sooner and for avoidable correspondence. I think that a fair resolution of this complaint requires compensation of £200 for Mr and Mrs G's distress and inconvenience. That sum includes the small expense they incurred in providing unnecessary medical records. In reaching that view I've taken into account the nature, extent and duration of Mr and Mrs G's distress and inconvenience caused by Great Lakes' errors in this case.

**Putting things right**

In order to put things right, Great Lakes should pay Mr and Mrs G compensation of £200 in relation to their distress and inconvenience.

**My final decision**

My final decision is that I uphold this complaint in part. I direct Great Lakes Insurance SE to pay Mr and Mrs G compensation of £200 in relation to their distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 10 November 2023.

Louise Povey  
**Ombudsman**