

The complaint

Mr S complains Great Lakes Insurance SE unfairly declined his claim and accused him of fraud.

What happened

Mr S held a travel insurance policy underwritten by Great Lakes. In March 2022 he travelled abroad for a holiday to a country in North America, with a group of friends. While he was there, he was attacked, and his belongings were stolen.

Mr S made a claim for the stolen items. These included three electronic gadgets, cash and the designer shoes he was wearing. He provided evidence including a police report and proof of purchase of the stolen items.

When assessing the claim, Great Lakes asked Mr S for IMEI numbers for the devices, evidence of his medical treatment following the incident and a copy of the outcome from the police after he reported the crime. Mr S said he had received nothing further from the police, other than the copy he provided of his report. And he explained the doctor who gave him first aid was one of the friends he had travelled with. He sent Great Lakes an email from his friend, describing what he had seen and Mr S's injuries.

Great Lakes declined the claim in February 2023. It stated it had concluded the claim was fictitious and unfounded. And it said because of this, it had cancelled Mr S's policy and would retain the premiums he had paid.

The policy terms include the following wording within the condition for 'fraudulent and unfounded claims'.

"If any claim under this policy is in any respect fraudulent or unfounded, all benefit paid and/or payable in relation to that fraudulent claim shall be forfeited and (if appropriate) recoverable...."

"We need not return any premiums paid..."

"The policy relating to the insured who has committed the fraudulent act may be rendered as invalid..."

Mr S complained to Great Lakes. In its response, Great Lakes said it used a number of tools to investigate claims, including tracking electronic items. And it said following its investigation it found discrepancies in the evidence Mr S had provided, and that was the reason it declined the claim.

Unhappy with the response, Mr S brought his complaint to this service and the case was passed to me to decide.

My provisional decision

I issued a provisional decision in which I said the following:

“Firstly, I should say I’m aware Mr S has further evidence he wishes to be considered in support of his claim. However, this wasn’t originally supplied to Great Lakes. I can only consider the information available to the insurer at the time it declined the claim and issued its final response, so I’m unable to review the additional items Mr S has supplied, as part of this complaint.

Great Lakes has said it had concerns about the circumstances of Mr S’s claim. It found the IMEI number of Mr S’s phone had been checked by a trader in November 2022. And it said it thought this meant Mr S’s phone was being sold.

Great Lakes has provided this service with a copy of the IMEI report. And having reviewed it, I don’t think it was reasonable for the insurer to conclude that the phone hadn’t been stolen in the circumstances Mr S stated. I say this because this report merely evidences that someone searched Mr S’s phone’s IMEI number in November 2022. Nothing within the report shows whether this search was carried out from the UK, North America or elsewhere. I’m aware that the search based on an IMEI number can be conducted by anyone online, so I don’t think this evidences that the search was carried out by someone in possession of the phone, nor does it rule out the possibility that another IMEI number was being searched, and that the number for Mr S’s phone could have been entered in error. So, the report doesn’t persuade me that this means Mr S’s phone was not stolen in the way that he said. And I don’t think it was fair for Great Lakes to rely on it to decline the claim.

Great Lakes also had concerns over the lack of medical evidence Mr S provided in support of his claim. Whilst I think it’s unusual for someone not to attend hospital after the kind of attack Mr S described, I think it’s reasonable this wasn’t necessary as there was a doctor within his travelling group.

Great Lakes had concerns about the authenticity of the email Mr S provided from his friend and has said the passenger list within the travel documents listed the friend’s name as ‘Mr’ and not ‘Dr’. However, I can’t see that it asked Mr S for any explanation or evidence of this. I think there could be many reasons as to why Mr S’s friend was recorded on the booking as ‘Mr’ and not ‘Dr’. And I think it would have been straightforward enough for Great Lakes to verify whether or not this person was in fact a doctor, by asking Mr S for more details.

In addition, Mr S was not claiming for any medical expenses, so I don’t think the details of the doctor who provided him first aid are particularly significant. And I think Great Lakes unfairly placed too much weight on this element.

Given the above and having considered the situation overall, I think Great Lakes has acted unfairly in deeming Mr S’s claim to be unfounded and cancelling the policy. And I don’t think it did enough to investigate its concerns about the claim. So, I intend to direct Great Lakes to reinstate the policy and re-assess the claim, including reviewing any further evidence Mr S would like to supply at this stage.

I’ve noted Mr S couldn’t get any clear updates when he called Great Lakes to chase the progress of his claim. And has said he has been very concerned about the potential impact to him and his career in terms of being accused of making a fraudulent insurance claim. And as I’ve found Great Lakes acted unfairly, I intend to direct it to pay Mr S £250 to recognise the distress and inconvenience he has been caused.”

The responses to my provisional decision

Mr S responded accepting my provisional decision. Great Lakes also responded and said it was now willing to review the additional information Mr S wanted to provide in support of his claim.

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.

Neither party has raised any further points, so I see no reason to depart from the conclusions set out in my provisional decision and summarised above.

My final decision

For the reasons I've given, I uphold this complaint and direct Great Lakes Insurance SE to reinstate the policy, re-assess the claim and pay Mr S £250 for the overall distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 2 January 2024.

Gemma Warner
Ombudsman