

The complaint

Mr E is unhappy with the way in which his claim has been handled by Great Lakes Insurance SE after making a claim on his travel insurance policy ('the policy'), including not paying his claim in full and delays.

What happened

The details of this complaint are well known to both parties, and as the facts aren't in dispute, I won't repeat them again here.

I issued my provisional decision in October 2023 explaining why I intended to partially uphold this complaint. I provisionally directed Great Lakes to:

- assess a claim for the confinement benefit at section 20 C (4) of the policy terms and conditions, and if accepted pay this to Mr E.
- pay £200 compensation to Mr E for distress and inconvenience.

However, I didn't think Great Lakes had unfairly declined part of the claim Mr E made under the Covid-19 section of the policy relating to curtailment for his share of accommodation costs hiring a remote chalet, with catering and a guide for a week ('the accommodation costs') in February 2022. And I explained why.

Mr E didn't agree with my provisional decision. He also said his claim for accommodation costs should be considered under the Covid-19 section of the policy relating to cancellation (section 20 A).

Our investigator asked Great Lakes questions about this section of the policy, which Great Lakes responded to. It explained why it didn't think that section of the policy was relevant to the circumstances of this complaint.

The complaint has now been passed back to me to decide.

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.

Great Lakes has a regulatory obligation to handle insurance claims fairly and promptly. And it mustn't unreasonably decline a claim.

The relevant terms

The terms and conditions of the policy provide Covid-19 cover (at section 20).

Section 20 B is entitled: 'curtailment'. It says:

We provide to each insured person in total per insured journey...following necessary

and unavoidable curtailment of an insured journey as a result of...

1. Death of Your Relative as a result of COVID-19, as certified by a Medical Practitioner following a medically approved test showing a positive result for COVID-19.

2. 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, as certified by a medical practitioner following a medically approved test showing a positive result for COVID-19.

It goes on to say:

What is covered:

A pro-rata amount corresponding to the cost of the unused proportion of...
...your non-refundable pre-booked travel and accommodation expenses which you have paid or contracted pay...

...your non-refundable pre-booked...excursions...which you have paid or are contracted to pay...

Curtailment is defined as:

returning to your home in the United Kingdom before the scheduled return date

The assessment of the claim

Great Lakes has agreed to cover most of the out-of-pocket expenses claimed by Mr E except his share of the accommodation costs. I'm satisfied that Great Lakes accepts that Mr E was self-isolating – as required by the relevant Government authority at the time – because he'd tested positive for Covid-19 after he was asked to take a Covid-19 test at random upon entering the country he was travelling to.

Mr E didn't cut short his trip to return back to the UK upon being notified of testing positive for Covid-19 (which is unlikely to have been possible at the time) or at the end of his self-isolation. However, he was confined to a hotel room.

So, I'm satisfied that Mr E's trip was, in effect, curtailed for seven days of his trip. Mr E was still self-isolating at the time he was due to travel to the destination he was required to collect the helicopter to travel to the remote chalet he'd booked to stay at for a week.

Great Lakes says section 20 B only covers the curtailment of his planned trip due to the death of a relative. So, it declined covering the accommodation costs.

Looking at the terms of the policy, and how section 20 B is drafted, I'm also satisfied that it covers necessary and unavoidable curtailment of an insured journey if Mr E is unable to continue with a pre-booked excursion.

Excursion isn't defined in the policy terms. Taking into account the everyday use of the word, I'm satisfied that a reasonable person would reasonably consider an excursion to be a day trip, or a short part of a holiday, usually with a group of people, to do an activity of sorts. That's also consistent with the dictionary definition.

And whilst, I accept that an excursion may sometimes involve overnight stays, I'm not persuaded that it would be reasonable to interpret a seven day stay in a chalet – as part of a longer holiday – which includes catering and a ski guide (as in the circumstances of this case) - to amount to an excursion. This was a significant proportion of the overall holiday which amounted to approximately 40% of the overall trip duration.

That's different to the, separate, heliskiing trip which Great Lakes has already agreed to cover Mr E's share of under section 20 B. That was a one-day event which he couldn't make due to self-isolating and was meant to take place a few days before the seven-day trip to the remote chalet had been booked for.

Section 20 B does go on to say the following is covered: "a pro-rata amount corresponding to the cost of the unused proportion of.....your non-refundable pre-booked travel and accommodation expenses which you have paid or contracted pay...". However, I'm satisfied, for this to apply, there first has to be an insured event under that section.

As the trip to the chalet didn't amount to an excursion and the trip wasn't curtailed due to the death of a relative, I don't think Great Lakes has unfairly declined Mr E's accommodation costs under section 20 B of the policy on the basis that they aren't covered under the policy.

I'm not persuaded by what Mr E has said in response to my provisional decision; that each day's guided ski-touring from the chalet was an individual excursion from pre-booked accommodation. I'm satisfied that it's fair and reasonable to consider the seven day part of the trip as a whole.

I'm also satisfied that this loss isn't covered under another section elsewhere in the policy because under the general exclusions it says Great Lakes will not pay for any loss, cost or expense directly or indirectly caused by "any coronavirus including but not limited to COVID-19, or any related/mutated form of the virus. This exclusion does not apply to COVID-19 claims under the COVID-19 cover section of this policy" (which is section 20 and I've considered above).

When making this finding, I've taken into account other comments made by Mr E in response to my provisional decision, including that his claim should be covered under section 20 A of the Covid-19 section of the policy – relating to cancellation. That's because, due to his self-isolation, he was unable to board the helicopter to travel to the chalet and that part of his trip was cancelled.

I accept that the word 'trip' isn't defined. However, section 20 of the terms and conditions of the policy is an extension of certain sections of the policy – including cancellation cover (section 1).

Page 7 of the terms and conditions of the policy says that cover for cancellation starts of the issue date shown on the policy schedule and ends when the policyholder leaves home to start the insured journey. Home is defined as "your principal place of residence, which is used for domestic purposes, within the United Kingdom". So, I'm satisfied that cancellation after leaving the UK isn't an insured event.

The service received

In its final response letter dated March 2023, Great Lakes accepts that there had been avoidable delays in assessing Mr E claim and said sorry for this. In the circumstances of this particular case, I'm not persuaded an apology is enough to reflect the distress and inconvenience experienced by Mr E as a result of the delay in assessing his claim.

It took almost a year for Great Lakes to assess the claim and settle the parts of the claim it accepted as being covered. From what I've seen, I'm satisfied that Mr E was put to the trouble of having to chase Great Lakes for updates due to Great Lakes' overall lack of communication. And from the nature of his correspondence with Great Lakes, I can see that he was becoming increasingly frustrated with the delays, which I can understand.

I'm satisfied that Great Lakes should pay Mr E £200 compensation to reflect the distress and inconvenience it caused him.

Confinement benefit

Section 20 C (4) of the terms and conditions of the policy says Great Lakes will pay £30 for each complete 24-hour period up to £300 where Mr E is ordered to self-isolate in his holiday accommodation by a relevant Government authority, as a result of him contracting Covid-19.

It doesn't look like a claim for confinement benefit has been considered by Great Lakes. I think it would be fair and reasonable for Great Lakes to assess a claim for the confinement benefit in the circumstances of this case on the basis that Mr E was confined to his hotel room for seven days – which Great Lakes has accepted as it's paid the cost of his hotel accommodation for this period.

Putting things right

I direct Great Lakes to:

- A. assess a claim for the confinement benefit at section 20 C (4) of the policy terms and conditions, and if accepted pay this to Mr E.
- B. pay £200 compensation to Mr E for distress and inconvenience.

My final decision

I partially uphold this complaint and direct Great Lakes Insurance SE to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 31 January 2024.

David Curtis-Johnson
Ombudsman