

The complaint

Mr and Mrs W are unhappy with the settlement provided to them by Great Lakes Insurance SE, after they made a claim on their travel insurance policy.

Great Lakes is the underwriter of this policy – i.e. the insurer. Part of this complaint concerns the actions of its agent. As Great Lakes has accepted it's accountable for the actions of the agent, in my decision, any reference to Great Lakes includes the actions of the agent.

What happened

Mr and Mrs W had an annual multi-trip travel insurance policy, covering them for various pre-departure and post-departure risks, between 20 July 2022 and 19 July 2023.

During this time Mr and Mrs W took a trip abroad. The trip included staying in a first country, before travelling to a second country and visiting a couple of locations. With the trip ending in a cruise, which would take them home to the UK.

During the trip Mr and Mrs W tested positive for Covid-19. They've explained it meant they couldn't travel onto the second country as planned. And neither were they able to board the cruise ship that was due to take them home. Instead, they needed to stay in the first country, with friends, and then fly home to the UK from there.

Mr and Mrs W have explained that when they learnt they wouldn't be able to complete their trip as planned, they contacted Great Lakes, who told them to get PCR tests, and to try and gain refunds for parts of their trip they weren't able to use. Mr and Mrs W did this – but weren't able to gain refunds for everything.

Mr and Mrs W then made a claim under their travel insurance policy. The claim included various expenses they'd incurred. This included costs related to them being poorly – such as Covid-19 test expenses and face masks. The claim also included costs for:

- The return flight home Mr and Mrs W needed to purchase, seeing as they couldn't return home as originally planned. And taxi fares from the airport to their house
- Two unused hotels in country two
- Unused flights in country two
- The unused cruise
- An additional suitcase and some clothing bought for the cruise
- Food
- A self-isolation benefit payment provided under the policy, at £20 a day.

Great Lakes accepted part of the claim. It offered Mr and Mrs W a settlement of £1,632.56. This settlement was for the return flight home and taxi from the airport, the self-isolation benefit, face masks and costs for taxis to and from the Covid testing location abroad. Minus the relevant excess.

But Great Lakes didn't agree to pay for the unused costs associated with country two, the unused cruise, additional suitcase, clothing and food. Or PCR testing.

Mr and Mrs W feel this settlement was unfair. They said they should receive settlement for all of their costs, under the terms of their policy. And they raised a complaint about the matter.

Great Lakes responded to this complaint and agreed it should pay for the PCR tests Mr and Mrs W had to get. So, these costs, which were £306.42 were settled – taking the total claim payment to £1,938.98.

But Great Lakes maintained its position on the unused hotel, flights, and cruise. As well as on the suitcase, clothing and food.

As Mr and Mrs W remained dissatisfied, they referred their complaint to this service for an independent review.

Our investigator considered this complaint and didn't think Great Lakes needed to do anything more. They said Great Lakes had acted in line with the terms and conditions of Mr and Mrs W's policy in terms of what it had and hadn't agreed to pay.

Mr and Mrs W didn't agree. They remained of the opinion they were due costs for the non-refundable parts of their trip they didn't get to use because they contracted Covid-19.

As Mr and Mrs W didn't agree, this complaint has been referred 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.

Having done so, I've decided that Great Lakes has now settled Mr and Mrs W's claim fairly. So, I'm not requiring them to do anything differently.

I appreciate this will be a disappointment to Mr and Mrs W. They've explained how strongly they feel about the matter. But I'd like to reassure the parties that I have considered all information provided to me, when deciding this complaint. However, when explaining my decision, I've only referred to that which is necessary to explain my reasoning. This isn't intended as a discourtesy but reflects the informal nature of this service.

When considering complaints such as this, I need to consider the relevant law, rules and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly and fairly, and not unreasonably decline it. So, I've thought about whether Great Lakes acted in line with these requirements when it agreed to settle £1,938.98 for Mr and Mrs W's claim.

I also reviewed Mr and Mrs W's policy, to see what cover it provided. On doing so, I can see there is only one section of the policy that is applicable for claims related to Covid-19. This being 'Section 19, Covid-19 cover.' The rest of the policy doesn't apply for claims related to Covid-19.

This is made clear in the Insurance Product Information Document (IPID), which explains Covid-19 isn't covered unless specified in the policy wording, as well as in the 'general exclusions' section, which explains the same.

Section 19 provides cover for certain medical and repatriation expenses. Great Lakes has now settled all the medical expenses Mr and Mrs W claimed for, as well as the travel costs for returning to the UK – this being the return flight and taxi home. As these elements of the claim aren't disputed, I haven't needed to consider them further.

Instead, I've needed to consider the outstanding costs Mr and Mrs W feel are covered under section 19. Section 19 also covers cancelling or cutting short a trip. In relation to this, the section says it provides cover for the cost of irrecoverable unused travel and accommodation costs, where the insured can't travel, and use booked accommodation. But as is usual with insurance policies of this nature, this is only in certain circumstances.

For costs to be covered under that part of the section, the loss needs to have been caused by one of the events listed in that part of the section. If the loss wasn't caused by one of those listed things, then the costs aren't covered, and the policy doesn't respond.

The section lists situations such as being diagnosed with Covid-19 in the 14 days prior to the departure date, being denied boarding on outbound travel or being unable to continue of pre-booked excursions due to being ordered to self-isolate by a government authority.

I've considered whether any of the things listed here apply to Mr and Mrs W's situation. But they don't. As they don't apply, then it follows that the pre-booked and unused travel and accommodation costs Mr and Mrs W are claiming for here aren't covered. And so, I'm satisfied Great Lakes acted fairly in declining those elements of Mr and Mrs W's claim. It acted in line with the terms and conditions of the policy.

In terms of the suitcase and clothing – it's my understanding these were bought for the cruise part of the trip, and weren't used as intended, given Mr and Mrs W unfortunately weren't able to travel home via cruise. But the policy doesn't provide cover for the need to purchase a suitcase, so each person had their own suitcase. Or for buying clothes that couldn't be used due to Covid-19. And I'm aware the policy also doesn't provide cover for food as Mr and Mrs W have claimed for, under Section 19. So, I'm satisfied Great Lakes acted fairly in not settling those costs.

My final decision

Given the above, my final decision is that Great Lakes has acted fairly in the way it has now settled Mr and Mrs W's claim. So, I don't require Great Lakes Insurance SE to do anything more in relation to this claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs W to accept or reject my decision before 7 November 2023.

Rachel Woods
Ombudsman