

The complaint

Miss O and Miss O are unhappy with Great Lakes Insurance SE's current decision on their travel insurance claim.

What happened

Miss O and Miss O purchased an annual multi-trip travel insurance policy, providing them with cover between 31 March 2022 and 30 March 2023, for trips taken worldwide. The policy provided cover for various pre-departure and post-departure risks.

During this policy period, Miss O and Miss O took a trip abroad in January 2023. They've explained they checked a large suitcase in with the airline, for it to be carried in the hold. And were also told a particular piece of hand luggage needed to be checked in too. So that also ended up being put in the hold by the baggage handlers as well.

But when the bags were unloaded and returned to Miss O and Miss O, they've explained these were damaged. They've said the large suitcase was damaged on its sides. And the bag originally intended for hand luggage had its handle broken. Miss O and Miss O said they raised these problems with the airline, who told her to pursue their claim with the baggage handling company. Or through their travel insurance provider.

The baggage handling company offered to repair the damaged bags. But Miss O and Miss O didn't consider this to be a reasonable offer. They said on a previous flight the same baggage handler had damaged their bags and taken them in for repair. But the repair was poor. So, they were concerned about this being the case again. And wanted a replacement for their items.

Miss O and Miss O made a claim under their travel insurance policy for the replacement of the bags.

Great Lakes considered this claim, but said it wasn't able to provide any settlement to Miss O and Miss O at this time. Great Lakes said that the policy didn't cover losses that were recoverable elsewhere. And in this instance, the loss was recoverable elsewhere – this being from the baggage handlers, who were offering to repair the damage.

In addition to this, Great Lakes said Miss O and Miss O would need to provide a property irregularity report form from the airline, and evidence of the original purchase of the luggage.

Miss O and Miss O didn't think this was fair. So, they complained to Great Lakes. Great Lakes responded and maintained its position on the matter. As Miss O and Miss O remained dissatisfied, they referred their complaint to this service for an independent review.

Our investigator considered this complaint and didn't think it should be upheld. They said Great Lakes had acted in line with the terms and conditions of the insurance policy when saying Miss O and Miss O should allow the baggage handlers to attempt to repair the luggage in the first instance. And said if a recovery of the loss from the baggage handler in

this way wasn't successful, it may be possible for Miss O and Miss O to return to Great Lakes for their claim to be reassessed.

Miss O and Miss O didn't agree. In summary, they felt that no party was taking responsibility for the loss they'd suffered – and considered that their insurance policy provided cover for this instance. Miss O and Miss O felt that Great Lakes should therefore replace their luggage.

As Miss O and Miss O 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 not to uphold this complaint. I've explained why below. 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. So, I've thought about whether Great Lakes acted in line with these requirements when it declined to settle Miss O and Miss O's claim.

I've also reviewed Miss O and Miss O's policy documentation, to see what cover the policy provides. On doing so, I can see that the policy does provide cover for the cost of replacement, reinstatement, or repair of personal possessions, including baggage, subject to wear and tear and depreciation.

But I'm also aware that the policy explains the following, within the General Exclusions section of the policy:

"We will not pay for any losses recoverable from any other source...."

This means that if it's possible to recover the losses claimed for elsewhere, then the insurance policy won't respond. The insured will need to recover the losses from the other source first. This is usual in insurance policies of this nature.

As the policy explains that it doesn't cover costs recoverable elsewhere, I've thought about whether Great Lakes has acted fairly in saying this applies in Miss O and Miss O's case. And I'm satisfied it has acted fairly. I appreciate Miss O and Miss O don't feel their loss is recoverable elsewhere. But I don't agree. At this stage, Miss O and Miss O have the opportunity of the baggage handler repairing their luggage. That may indeed ensure their loss is recovered – if the repair is successful and puts them back in the position they were in before the damage happened.

It's reasonable for Great Lakes to expect Miss O and Miss O to pursue this avenue in the first instance, in line with the terms of the policy. So, I don't require Great Lakes to do anything differently at this stage. If the baggage handlers attempt at completing a repair is unsuccessful, and it then doesn't offer an alternative, full, settlement for the damaged luggage, then Miss O and Miss O may wish to return to Great Lakes and pursue their claim then.

My final decision

Given the above, my final decision is that I don't uphold this complaint. So, I don't require Great Lakes Insurance SE to do anything more in respect of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O and Miss O to accept or reject my decision before 2 October 2023.

Rachel Woods
Ombudsman