

## **The complaint**

Mr and Mrs W complain that Great Lakes Insurance SE has turned down a cancellation claim they made on a travel insurance policy.

## **What happened**

Mr and Mrs W were booked to go on holiday in June 2022. Unfortunately, due to strike action, their outbound flight was cancelled. Mr and Mrs W say they tried to find other flights but were unable to do so. Therefore, they cancelled their trip. Their airline refunded the costs of both the outbound and return flights. But their accommodation provider said no refund was due. Mr and Mrs W made a claim on their policy for the cancellation costs they incurred.

Great Lakes turned down Mr and Mrs W's claim. It said the policy terms and conditions didn't cover the situation in which Mr and Mrs W had found themselves. And it referred to policy exclusions which it said would apply to the circumstances of Mr and Mrs W's claim. It did recognise that there had been delays in logging Mr and Mrs W's complaint, so it offered them £50 compensation.

Mr and Mrs W were unhappy with Great Lakes' decision. They didn't think the policy documentation made the terms and exclusions sufficiently clear. They asked us to look into their complaint.

Our investigator didn't recommend that Mr and Mrs W's complaint should be upheld. He didn't think the circumstances of Mr and Mrs W's claim were covered by the cancellation section of the policy. He felt it might be open to Mr and Mrs W to make a travel delay claim if they could provide evidence to support it.

Mr and Mrs W disagreed and I've summarised their responses. Immediately after their flight had been cancelled, they'd tried to find an alternative flight, but had been unable to do so. They maintained that the policy documentation hadn't made the relevant exclusions clear enough and they referred to provisions of contract law. They felt the exclusion Great Lakes had relied on was significant and had been hidden in a lengthy policy document. They questioned whether our remit included checking whether insurers adhered to the law.

The complaint's been passed 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, whilst I'm very sorry to disappoint Mr and Mrs W, I think it was fair for Great Lakes to turn down their claim and I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So I've considered, amongst other things, the policy terms, relevant law and good industry practice, and the circumstances of Mr and

Mrs W's claim, to decide whether Great Lakes treated them fairly.

I understand that the situation in which Mr and Mrs W found themselves was completely outside of their control. However, no insurance policy covers every eventuality and insurers are entitled to decide what level of risk they wish to accept in return for the premium paid for a policy. Therefore, Great Lakes' obligations under its contract with Mr and Mrs W are limited by the terms, conditions and exclusions which are set out in the policy.

Mr and Mrs W made a cancellation claim on their policy after their flight was cancelled. So I think it was reasonable for Great Lakes to consider their claim under Section 2 – Cancellation. This says that Great Lakes will pay a policyholder's unused travel, accommodation and other listed costs, if their holiday has to be cancelled for one of the following specific events:

1. *'The death, Bodily Injury or Illness, as certified by a Medical Practitioner, of You, Your Relative, Colleague or travelling companion or of a friend with whom You had arranged to stay; or*
2. *Your attendance at a court of law as a witness (except as an expert witness) or for Jury Service where postponement of the Jury Service has been denied by the Clerk of the Courts Office; or*
3. *You or Your travelling companion being a member of the Armed Forces, Police, Ambulance, Fire or Nursing Service and Your or their authorised leave being cancelled due to an unexpected emergency or a posting overseas at the time of Your trip; or*
4. *You or Your travelling companion being instructed to stay at Home (within 7 days of Your departure date) by a relevant authority due to severe damage to Your or their Home or place of business in the United Kingdom caused by serious fire, explosion, storm, flood, subsidence or burglary; or*
5. *Your involuntary redundancy or that of Your travelling companion or Your spouse, civil partner or cohabiting partner, notified after the purchase of this Policy or after the trip was booked, whichever is later.'*

In my view, Great Lakes has clearly set out the listed, defined insured events it provides cover for under the cancellation section of the policy. Mr and Mrs W's trip wasn't cancelled for any of the above reasons, so I don't think it was unfair for Great Lakes to conclude that their claim wasn't covered by this section of the contract. Great Lakes has also referred to an exclusion contained in section 2, which it considers applies to the circumstances of Mr and Mrs W's claim. This says that Great Lakes doesn't cover:

*'Any claim as a result of the failure in provision of any service connected with Your trip including error, omission, financial failure, or default of, or by the provider of any service, travel agent, tour operator or organiser through whom the trip was booked.'*

It's clear that Mr and Mrs W's trip had to be cancelled due to their airline cancelling their outbound flight. So I think it was fair for Great Lakes to conclude that Mr and Mrs W's claim would've been caught by this exclusion clause in any event.

Mr and Mrs W feel strongly that the policy documentation isn't sufficiently clear. They consider that the Insurance Product Information Document (IPID) and other documentation ought to highlight the relevant cover and exclusions. Effectively, they consider that the exclusion Great Lakes has relied upon is buried in the policy terms. I've thought about this carefully – taking into account contract law and statute.

An IPID is intended to provide an 'at-a-glance' summary of the main features, benefits and exclusions of an insurance policy. It isn't intended to provide a comprehensive list of all of

the contract terms and conditions. Mr and Mrs W's IPID clearly states:

*'This Insurance Product Information Document is only intended to provide a summary of the main coverage and exclusions, and is not personalised to your specific individual needs in any way. Complete pre-contractual and contractual information on the product is provided in your policy documentation.'*

The IPID sets out the main cover headings and applicable policy limits, while a table sets out a list of the key exclusion clauses which apply to the policy. I find that Great Lakes drafted the IPID sufficiently clearly to show that it didn't include the full contract terms and exclusions. And that the IPID made it clear that exclusions could apply to claims.

An insurer should draw significant, onerous or unusual policy terms and conditions to a policyholder's attention in the policy documentation. I appreciate Mr and Mrs W feel that the exclusion I've set out above is significant and therefore ought to have been highlighted. But I don't agree. I don't think the exclusion is significant, unusual or onerous and in my experience, most, if not all, insurers include similar terms in their policies. This means I don't think Great Lakes acted unfairly or unreasonably by not including this exclusion in the IPID.

Accordingly, I don't think it was unfair or unreasonable for Great Lakes to conclude that Mr and Mrs W's claim wasn't covered by the cancellation section of the policy.

I appreciate the investigator referred to the abandonment cover provided under section 11 – Travel delay. It's open to Mr and Mrs W to make a claim under this section of the policy should they wish to do so. I would add though that while the policy covers abandonment due to strike action, it does require a policyholder to have been delayed at their international point of departure and to have been checked-in. By Mr and Mrs W's account, their flight was delayed the day before they were due to fly. It will be for Great Lakes to consider any abandonment claim Mr and Mrs W may choose to make in line with the policy terms and it wouldn't be appropriate for me to make a finding on whether such a claim would be successful.

Great Lakes acknowledged that there'd been delays in logging Mr and Mrs W's complaint and it offered £50 compensation. In my view, this is a fair and proportionate award. It's open to Mr and Mrs W to now contact Great Lakes to accept this offer should they wish to do so.

### **My final decision**

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 4 September 2023.

Lisa Barham  
**Ombudsman**