

The complaint

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

What happened

The circumstances of this complaint are well-known to both parties. So I've set out a brief summary of what I think are the key events.

Mr and Mrs S booked a holiday abroad in December 2020. They were due to travel in September 2021. In May 2021, they took out a single trip travel insurance policy through a broker.

Unfortunately, a few weeks later, Mr and Mrs S' close relative was diagnosed with lung cancer and given a terminal prognosis. As the balance of the trip was nearly due, Mr and Mrs S told the business which had sold them the policy about their relative's diagnosis. They were ultimately told that they could look into making a cancellation claim for the costs that applied at that point. As Mr and Mrs S' relative had been given a prognosis of around a year, Mr and Mrs S decided to pay the balance of their trip.

Due to ongoing restrictions due to Covid-19, Mr and Mrs S decided to reschedule their trip for March 2022. They amended their policy dates accordingly. They flew abroad as planned. However, sadly, three days into their holiday, their close relative passed away, suffering from pneumonia. So they cut short their trip, returned to the UK and made a claim on their travel insurance policy for the costs associated with the curtailment of the trip.

Ultimately, Great Lakes turned down Mr and Mrs S' claim. That's because it said that Mr and Mrs S' relative had had a pre-existing condition when the insurance was taken out. Pre-existing conditions were specifically excluded from cover. And it also said that the policy terms specifically excluded claims arising from a close relative's terminal prognosis – either at the time of policy purchase or after travel had commenced. Therefore, Great Lakes concluded that Mr and Mrs S' claim wasn't covered.

Mr and Mrs S were unhappy with Great Lakes' decision. They thought the 'terminal prognosis' exclusion clause Great Lakes had relied upon was unusual. They didn't think the pre-existing condition clause applied to close relatives. And they considered that as their relative's cause of death had been pneumonia, it wasn't excluded by the policy terms in any event. They asked us to look into their complaint.

Our investigator didn't think Mr and Mrs S' complaint should be upheld. She noted that Mr and Mrs S' relative had been given a terminal prognosis in June 2021 – around nine months before they departed on their holiday. So she thought it had been fair for Great Lakes to conclude that the claim wasn't covered.

I issued a provisional decision on 3 October 2023. In my provisional decision, I explained the reasons why I didn't think it had been unfair for Great Lakes to turn down Mr and Mrs S' claim. I said:

'First, I'd like to offer Mr and Mrs S my sincere condolences for the loss of their relative. I don't doubt what an upsetting and difficult time this has been for them. I'd also like to reassure them that whilst I've summarised the background to their complaint and their detailed submissions to us, I've carefully considered all they've said and sent us. Within this decision though, I haven't commented on each point that's been made and nor do our rules require me to. Instead, I've focused on what I think are the key issues.

I must also make the parameters of this decision clear. Great Lakes was responsible for drafting the policy terms and for assessing Mr and Mrs S' claim. But it wasn't responsible for selling the policy or for sending Mr and Mrs S the policy documents. That was the responsibility of the business which sold the policy to them. I've considered a complaint about the sale and administration of the policy by the policy seller separately.

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 terms of this policy and the available evidence, to decide whether I think Great Lakes treated Mr and Mrs S fairly.

I've first considered the policy terms and conditions, as these form the basis of the contract between Mr and Mrs S and Great Lakes. It's common ground that Mr and Mrs S had to curtail their holiday after they learned that their close relative had passed away. The policy covers the cutting short of a holiday due to the sudden illness or the death of a close relative.

However, the policy also sets out important restrictions on the cover provided by the contract. Page 3 sets out a 'Health Declaration'. This includes the following:

'Your policy contains restrictions, conditions and exclusions that relate to your health and to the health of others on whom your trip might depend.'

Page 42 includes 'General Exclusions' which apply to the whole policy. This says that Great Lakes won't cover any claim arising as a result of:

'You, a close relative, a travelling companion, or any person with whom you had arranged to stay with:

Are receiving, or are waiting for hospital investigation or any treatment for any undiagnosed condition, or set of symptoms at the time of purchasing your policy and/or at the time of commencing travel.'

I've also considered the Insurance Product Information Document, which sets out an-at-a-glance summary of the insurance cover. On page one, under a section headed 'what is not insured', the document says:

The policy includes restrictions regarding the health of close relatives and friends upon whom your trip may depend, even if they are not being insured by this policy.'

Although Great Lakes didn't specifically raised the exclusions which I've mentioned above when it ultimately declined the claim, I've considered the whole substance of Mr and Mrs S' complaint as my inquisitorial remit entitles me to do.

In my view, the policy documentation as a whole makes it sufficiently clear that Great Lakes won't cover claims which arise due to conditions of non-travelling relatives which were under investigation at the time the policy was taken out. Nor do I think this clause is unusual. Most, if not all, travel insurance policies exclude claims arising directly or indirectly from the medical conditions of non-travelling relatives.

In this case, I've looked very carefully at the available medical and other evidence. Mr and Mrs S have provided us with a copy of their relative's death certificate. This certificate states that the cause of their relative's death was 1(a) pneumonia and 2) lung cancer. This means that a medical professional has certified that the direct cause of death was pneumonia, whilst lung cancer was a contributory factor. As such, I think it was reasonable for Great Lakes to conclude lung cancer was a factor in the death of Mr and Mrs S' close relative.

It's clear that Mr and Mrs S originally booked their trip in December 2020. I've carefully considered a letter from Mr and Mrs S' relative's GP which explains the timeline of events. It appears that Mr and Mrs S' relative was admitted to hospital on 15 April 2021, suffering from a number of symptoms. They underwent a series of tests, including a CT scan, which found low attenuation in part of the brain and a CT scan of the torso, which showed enlarged lymph nodes. Mr and Mrs S' relative was discharged 12 days later, and a PET scan and fine needle aspiration were arranged. They were reviewed in a clinic on 12 May 2021 and sadly, following diagnostic testing, terminal lung cancer was diagnosed on 3 June 2021.

Mr and Mrs S took out their policy on 12 May 2021 (I appreciate they say they initially took out a policy a few days earlier, which they cancelled, because they were able to arrange this particular policy more cheaply). In either case though, at the time Mr and Mrs S arranged the policy, their relative had been an inpatient in hospital for over 12 days and was awaiting tests to investigate a potentially serious condition. So I think it would be reasonable to conclude that Mr and Mrs S' relative was undergoing and waiting for hospital investigations into an undiagnosed condition when the policy was taken out. This means their claim would fall within the scope of the exclusion clause.

By Mr and Mrs S' account, they learned of their relative's terminal prognosis before the balance of the holiday was due. They say they contacted the business which had sold them the policy, which told them that they may be able to make a cancellation claim on the policy. However, as they'd thought their relative would have at least a year to live; they'd decided not to cancel the trip and to pay the full, outstanding holiday balance. The travel agent confirmed that if the holiday had been cancelled at that point, the cancellation costs would have been substantially less. This would have mitigated both Mr and Mrs S' and Great Lakes' potential losses. While I can understand why Mr and Mrs S may not have felt a claim was likely at the time they paid for their holiday, I think it's likely that they were aware of the possibility that their relative's condition could worsen and that they'd need to make a claim. And indeed, Mr and Mrs S went on to amend their policy dates, aware that their relative had received a terminal prognosis. So, in any event, I don't think I could fairly find that the possibility that they may need to make a curtailment claim was entirely unforeseeable, even if they didn't think it was likely.

Overall, I currently think the medical evidence shows, on balance, that Mr and Mrs S' claim arose as a result of a condition their relative was undergoing investigation for at the point the policy was taken out. And their policy excludes cover for claims arising from this. So despite my natural sympathy with Mr and Mrs S' position, I don't currently think it was unfair for Great Lakes to turn down this claim. And I don't think there are any reasonable grounds upon which I could direct Great Lakes to accept and pay the claim.'

I asked both parties to provide me any further evidence or comments they wanted me to consider.

Great Lakes accepted my provisional findings.

Mr and Mrs S said they were extremely disappointed by my provisional findings, but that as they had no new evidence, they wouldn't be taking the matter any further. They said they still felt that travel insurance policies were loaded in a travel insurer's favour and that they should

be simplified, so that consumers have a clearer picture about what they're insured for.

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, as neither party has provided me with any substantive new evidence, I see no reason to change my provisional findings.

I do appreciate how disappointed Mr and Mrs S are by my decision and I know they've been through a difficult and upsetting time. But overall, I remain satisfied that the policy documentation as a whole made it sufficiently clear that Great Lakes won't cover claims arising from any pre-existing conditions of non-travelling relatives which were under investigation at the time the policy was taken out. And so, for the reasons I've set out above, I still don't think it was unfair for Great Lakes to turn down this claim.

Overall, my final decision is the same as my provisional decision and for the same reasons.

My final decision

For the reasons I've given above and in my provisional decision, 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 S and Mrs S to accept or reject my decision before 30 November 2023.

Lisa Barham
Ombudsman