

The complaint

Mr B complains that Great Lakes Insurance SE has turned down a claim he made on a travel insurance policy.

All references to Great Lakes include the actions of its agents.

What happened

The circumstances of this complaint are well-known to both parties, so I've simply set out a summary of what I think are the main events.

Mr B took out a travel insurance policy alongside a UK holiday booking. The contract was underwritten by Great Lakes. Mr B booked UK holiday accommodation, which he intended to share with friends. The remainder of Mr B's party were all overseas nationals.

Unfortunately, one of Mr B's travelling companions was denied entry to the UK, as they didn't have the appropriate visa. This meant that Mr B's friends weren't able to travel to the UK and Mr B decided against holidaying alone. So he cancelled the holiday booking and made a claim on the travel insurance policy.

Initially, Great Lakes turned down Mr B's claim because it didn't think he was a UK national – which meant he wouldn't have been eligible for the policy. Ultimately though, Great Lakes concluded that the circumstances of the claim weren't covered by the policy terms. It did accept that there'd been delays in the way it'd handled Mr B's claim and so, in May 2023, it offered him £200 compensation.

Mr B was unhappy with Great Lakes' position and he asked us to look into his complaint. He explained that following Great Lakes' initial decision to decline the claim based on its belief that he wasn't a UK national, he'd experienced further delays and poor service. And he didn't think it had been fair for Great Lakes to conclude that the claim wasn't covered.

Our investigator didn't think it had been unfair for Great Lakes to turn down Mr B's claim. That's because he didn't think the policy covered Mr B's situation and he also thought the claim was specifically excluded from cover. He considered that Great Lakes had already made a fair offer of compensation for any delays in its handling of the claim up to the point it issued its final response to Mr B's complaint in May 2023.

Mr B disagreed and I've summarised his response. He didn't think it was fair for Great Lakes to exclude claims arising from events which aren't specifically covered. He considered that he'd been forced to cancel the trip due to events beyond his control. He'd planned to enjoy the holiday with friends – and that holiday had been rendered impossible. He felt that a claim for his own portion of the costs could at least be considered.

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 B, I don't think it was unfair for Great Lakes to turn down his claim and I'll explain why.

First, I'd like to reassure Mr B that while I've summarised the background to his complaint and his detailed submissions to us, I've carefully considered all he's said and sent us. Within this decision though, I haven't commented on each point he's raised and nor do our rules require me to. Instead, I've focused on what I think are the key issues.

I must also make it clear that this decision will only cover the complaint points which Great Lakes addressed within its final response letters of December 2022 and May 2023. Those complaints points are a) whether it was fair for Great Lakes to turn down the claim and b) the way Great Lakes handled the claim. I appreciate Mr B has had ongoing correspondence with Great Lakes since May 2023 and he feels he's continued to experience communication delays and poor service. However, before we can comment on any post-May 2023 customer service issues, Great Lakes must be given a chance to look into those particular concerns and respond to them. So if Mr B would like to make a new complaint about the way Great Lakes *handled* the claim between May and October 2023, it's open to him to do so. If he remains unhappy with Great Lakes' response, we may potentially be able to look into a new complaint about that issue alone.

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 and the circumstances of the claim, to decide whether I think Great Lakes treated Mr B fairly.

I've considered the policy terms and conditions, as these form the basis of the contract between Mr B and Great Lakes. It's common ground that Mr B didn't go on holiday, as one of his travelling companions didn't have the requisite visa to travel to the UK. So I think it was reasonable and appropriate for Great Lakes to consider the claim in line with the cancellation section of the policy. I've set out the relevant terms below:

'This section of the Policy sets out the cover We provide to each Insured Booking in total per Insured Journey, up to the sum insured shown in the Table of Benefits, following necessary and unavoidable cancellation of a trip as a result of:

- 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.'

We won't generally tell an insurer what risks it should and shouldn't insure. That's a commercial decision for an insurer to make. In my view, Great Lakes has clearly set out the list of specific, insured events it's chosen to cover. It's clear that Mr B's trip wasn't cancelled for any of those listed reasons. So I don't think it was unfair or reasonable for Great Lakes to conclude that no part of Mr B's claim was covered by the cancellation section of the policy.

And I agree with our investigator that the claim is specifically excluded from cover too. The cancellation section of the policy also lists things which Great Lakes has decided not to insure. I've set out the exclusions I think are relevant to the circumstances of Mr B's claim:

- *'Any claim as a result of Your decision to cancel the trip for reasons other than those listed within this section.*
- *Any claim as a result of a failure to have the required passport, visa or other relevant travel permission.*

As I've explained above, Mr B's trip wasn't cancelled due to any of the listed, specific insured events detailed in the insurance contract and so I think it was fair for Great Lakes to rely on the above exclusion. I don't find this term to be unfair or unusual – in my experience, travel insurance policies will generally set out the risks an insurer has chosen to cover and to exclude.

I appreciate Mr B says that the reason his travelling companion didn't have the relevant visa was because of miscommunication by a government department. However, it's still the case that his travelling companion didn't have the necessary documentation to allow them to enter the UK. And therefore, I don't think it was unfair for Great Lakes to conclude that the claim would also be excluded due to the visa exclusion.

I've also reviewed the remaining sections of Mr B's insurance policy. But in this case, I don't think there is any other section which would cover the circumstances of Mr B's claim.

So it follows that while I sympathise with Mr B's position and I can entirely understand why he didn't want to take the trip alone, the circumstances of his claim simply aren't covered by the policy terms. Therefore, I don't think it was unfair or reasonable for Great Lakes to turn down Mr B's full claim. And I don't think there are any reasonable grounds upon which I could direct Great Lakes to pay Mr B's claim.

Great Lakes accepts that it didn't handle Mr B's claim as well as it should have done. There were delays in its communications with him and it initially wrongly turned down the claim because it concluded that Mr B wasn't a UK national. So I think Great Lakes' handling of the claim up until May 2023 caused Mr B unnecessary, material additional inconvenience and upset. And I think it was appropriate for Great Lakes to offer Mr B compensation to reflect the impact of its claims handling errors on him. In my view, the £200 compensation Great Lakes has already offered Mr B is fair, reasonable and proportionate in all the circumstances of this complaint. Mr B should let Great Lakes know if he now wishes to accept this particular offer.

My final decision

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

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

Lisa Barham
Ombudsman