

The complaint

Mr and Mrs F complain that Great Lakes Insurance UK Limited has turned down a catastrophe claim they made on a travel insurance policy.

What happened

Mr and Mrs F took out a single trip travel insurance policy through a broker to cover a multi-centre trip they'd booked. They were due to travel to a country I'll call N on 16 February 2023 to stay with a relative, as well as travelling on to a country I'll call A.

Unfortunately, on 14 February 2023, parts of N were affected by a severe cyclone and a state of emergency was declared by N's government. Mr and Mrs F's relative's home was unfortunately seriously affected by the cyclone and was declared uninhabitable.

On that basis, Mr and Mrs F rearranged their travel plans with their travel agent for a later date. However, they accordingly incurred additional costs of around £5300. So they made a claim on their travel insurance policy for their extra expenses.

Great Lakes turned down Mr and Mrs F's claim. It said there was no cover under the policy for Mr and Mrs F's situation.

Mr and Mrs F were unhappy with Great Lakes' decision and so they asked us to look into their complaint.

Our investigator didn't think Mr and Mrs F's complaint should be upheld. He didn't think it was unfair for Great Lakes to conclude that the claim wasn't covered by the policy terms.

Mr and Mrs F disagreed and so 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 F, I don't think it was unfair 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 terms of Mr and Mrs F's policy and the circumstances of their claim, to decide whether I think Great Lakes treated them fairly.

I've first considered the policy terms and conditions, as these form the basis of the contract between Mr and Mrs F and Great Lakes. Mr and Mrs F made a claim under the catastrophe section of their policy and so I think it was reasonable and appropriate for Great Lakes to consider the claim under this heading. The policy says:

'What is covered

*We will pay you up to the amount shown on the table of benefits for the **cost you pay, or agree to pay overseas**, for similar travel expenses and accommodation **to allow you to continue with your holiday or journey**. We will only do this if you cannot reach or cannot live in your booked accommodation because of a fire, flood, earthquake, storm, lightning, explosion, hurricane or a major outbreak of food poisoning.’ (My emphasis added).*

Great Lakes concluded that Mr and Mrs F’s claim wasn’t covered under this section of the policy because their trip hadn’t begun at the time it was rearranged. Therefore, it didn’t think they had incurred any costs to allow them to *continue* with their trip. In my view, the policy is sufficiently clearly drafted to make it clear that Great Lakes only provides cover under this section of the policy if a policyholder’s trip has already begun at the time their booked accommodation is affected by a catastrophe. But it’s clear that Mr and Mrs F *hadn’t* begun their trip at the point they incurred additional travel expenses and so I don’t think I could fairly find that they paid additional costs to continue with their holiday.

Therefore, I don’t think it was unfair for Great Lakes to find that Mr and Mrs F’s claim wasn’t covered under the catastrophe section of the policy.

I’ve looked carefully at the remaining sections of the contract and in particular, the cancellation section of the policy. That’s because I appreciate that by rearranging their travel plans rather than cancelling the trip entirely, Mr and Mrs F did take steps to mitigate their losses. I can see that the cancellation section of the policy provides cover if:

‘the Foreign, Commonwealth and Development Office issue a directive advising against all, or all but essential travel to your trip destination because of an earthquake, fire, flood, or hurricane.’

But I don’t think it would be fair or reasonable for me to direct Great Lakes to accept Mr and Mrs F’s claim under this section of the policy either. That’s because not only was the trip not cancelled, the Foreign, Commonwealth and Development Office *didn’t* issue a directive against all but essential travel to N. While I appreciate N’s government declared a state of emergency in some areas, there was no UK government advice against travel. And I understand that Mr and Mrs F’s pre-booked flight to N did depart as planned.

So overall, despite my natural sympathy with Mr and Mrs F’s position, as I appreciate they had to rearrange their trip for reasons entirely beyond their control, I don’t think Great Lakes acted unfairly when it concluded that their claim wasn’t covered. Nor do I think the circumstances of the claim are covered by any other section of the policy either. And therefore, I don’t think there are any fair or reasonable grounds upon which I could direct Great Lakes to accept this claim.

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 Mrs F and Mr F to accept or reject my decision before 1 April 2024.

Lisa Barham
Ombudsman