

The complaint

Mr B has complained that Great Lakes Insurance SE declined a claim he made on a travel insurance policy.

What happened

Mr B's planned travel itinerary was as follows:

- 8 July 2023 – flight from the UK to city A
- 12 July 2023 – flight from city A to city B, then a flight from city B to city C
- 18 July 2023 – flight from city C back to the UK

On 12 July 2023, just prior to leaving for the airport, Mr B received notification that the second leg of his flight (from city B to city C) had been cancelled. Although he could have undertaken the first leg of his flight, that would have stranded him in city B, as the airline couldn't offer him a flight to his final destination even the following day.

Mr B decided to cancel his booked flights for 12 July 2023 and instead booked new flights with an alternative airline for 13 July 2023.

Upon making a claim on his insurance policy for additional costs, Great Lakes declined it on the basis that the circumstances were not covered under the policy terms.

Our investigator didn't uphold the complaint. Although she thought the reasons Great Lakes had relied on for declining the claim were unfair, she thought that the claim would have failed anyway due to the wider policy terms.

Mr B disagrees with the investigator's opinion and so the complaint has been passed to me for a decision.

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.

I've carefully considered the obligations placed on Great Lakes by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for Great Lakes to handle claims promptly and fairly, and to not unreasonably decline a claim.

Great Lakes primary reason for declining the claim was that connecting flights are not covered.

Not covering connecting flights is an unusual and significant limitation that customers need to know about. Therefore, Great Lakes needed to ensure that this significant limitation was highlighted with sufficient prominence.

However, whilst the full policy document contains this exclusion, the Insurance Product Information Document (IPID), omits to mention it. This is information that would have been important to Mr B due to the nature of the trip he was undertaking.

Due to the shortcomings in the information provided at the point of sale, I agree with our investigator that it would be unfair for Great Lakes to rely on these terms to decline the claim.

However, the policy also contains other terms and conditions that are a relevant consideration when looking at whether the claim should succeed.

Insurance policies aren't designed to cover every eventuality or situation. It's up to an insurer what it is willing to cover and not cover – as long as it sets these things out clearly. The test then is whether the claim falls under one of the agreed areas of cover within the policy. Looking at the policy terms, under 'section 11 – travel delay and abandonment', it sets out when a benefit would be payable as follows:

'1. Travel delay benefit:

- a. For each complete 12 hours of delay; or*
- b. In the event of 4. (cancellation by the transport provider), corresponding to the delay in departure that You would have experienced had You waited for the earliest replacement travel arrangements offered by Your original transport provider, in the event that You choose to make earlier alternative travel arrangements.'*

But Mr B didn't take the first leg of his planned trip on 12 July 2023. So he didn't suffer a delay at city B due to the cancellation of the connecting flight that day. Instead, he rearranged the whole trip.

Within the same section, it further states:

'2. In the event that You decide to abandon Your outward trip, the cost of:

- a. Your unused non-refundable pre-booked travel and accommodation expenses which You have paid or are contracted to pay; and*
- b. Your unused non-refundable pre-booked airport parking, car hire, airport lounge pass and excursions which You have paid or are contracted to pay; and*
- c. Your unused non-refundable visa, ESTA (Electronic System for Travel Authorisation for travellers to the USA) or other relevant travel permission which You have paid.'*

And:

'1. Travel delay benefit is intended to provide compensation if You are delayed at Your point of departure and is only applicable if You have travelled there and checked-in. If You have not travelled to Your departure point You will not be covered even if You have checked-in online.'

I agree with our investigator that Mr B's outward trip was the one he took from the UK on 8 July 2023 and not the one planned for 12 July 2023. And Mr B received a refund from the airline for his original flights on 12 July 2023. He also hadn't travelled to and checked in at the airport at city A. Therefore, the scenario isn't covered under this section.

Our investigator mentioned that the outcome might have been different if Mr B had taken the first leg of his planned trip on 12 July 2023. But Mr B says he shouldn't have been expected to strand himself in city B just to be able to benefit from the policy.

Our investigator was pointing out that the policy might have covered him if he'd experienced a delay in city B, rather than saying that's the course of action he should have taken. It is completely understandable that, given the situation, he made the decision to buy new flights. The question is whether what happened to him is covered under the policy terms – and I don't think that it is.

I've thought very carefully about what Mr B has said. But, whilst I know it will be disappointing to him, I'm unable to conclude that Great Lakes has done anything wrong in declining the claim.

My final decision

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 4 April 2024.

Carole Clark
Ombudsman