

The complaint

Mr and Mrs C are unhappy because Great Lakes Insurance UK Limited declined to settle a claim they made on their travel insurance policy.

What happened

Mr and Mrs C were due to go on a cruise. Shortly before they were due to go they realised they had lost their passports. They contacted Great Lakes who reassured them they'd be able to claim on their policy. Mr and Mrs C claimed on the policy but the claim was declined.

Mr and Mrs C complained to Great Lakes but they maintained their decision was in line with the policy terms and conditions. Unhappy, Mr and Mrs C made a complaint to the Financial Ombudsman Service.

Our investigator looked into what happened and partly upheld the complaint. He didn't think the claim should be settled as there was no cover under the policy. However, he thought that Great Lakes should pay £100 compensation for giving Mr and Mrs C the wrong information about cover under the policy. Mr and Mrs C asked an ombudsman to review their complaint as they said Great Lakes had confirmed they would be covered. Great Lakes accepted the investigator's recommendation.

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.

The relevant rules and industry guidelines say that Great Lakes has a responsibility to handle claims promptly and fairly. And they shouldn't reject a claim unreasonably.

The policy terms and conditions say:

Under section 1 (cancellation)

What is not covered:

“16. any claim resulting from your inability to travel, or continue travelling due to an insured person's failure to hold, obtain or produce a valid passport, or any required visa in time for the booked trip.”

Section 6c Personal Money & Passport

“What is covered:

We will pay you up to £300 for Basic cover and £500 for Comprehensive cover, if during a trip, the Personal Money you are carrying on your person or you have left in a safety deposit box is lost, stolen, damaged or destroyed, subject to the following conditions and exclusions...

b) we will pay up to £300 for Basic cover or £500 for Comprehensive cover for additional travel and accommodation expenses you incur abroad to obtain a replacement if your passport is lost, or stolen outside the United Kingdom, Channel Islands or the Isle of Man during your trip.”

I think Great Lakes should pay Mr and Mrs C £100 compensation but I don't think they should cover the claim because:

- There is no cover under the policy if a policyholder is unable to travel because they don't have a passport. The policy covers loss of a passport whilst on a trip. But there's no cover for losing a passport before the trip starts. These are common exclusions which appear in most travel insurance policies.
- I don't think it would be fair and reasonable to direct Great Lakes to pay the claim in the circumstances of this case. Travel insurance policies don't cover every eventuality and I don't think it would be fair to direct Great Lakes to cover something that's explicitly excluded by the policy terms.
- Great Lakes did give Mr and Mrs C the wrong information. There's no dispute about that. But it doesn't automatically follow that the claim should be paid. If Mr and Mrs C had been given the right information, they'd have been told there was no cover under the policy. That means they would have avoided the inconvenience of making a claim that wasn't going to succeed. I think £100 compensation fairly reflects the distress and inconvenience caused by being given the wrong information.

Putting things right

Great Lakes needs to put things right by paying Mr and Mrs C £100 compensation for the distress and inconvenience caused by being given the wrong information.

My final decision

I'm partly upholding Mr and Mrs C's complaint and direct Great Lakes Insurance UK Limited to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs C to accept or reject my decision before 19 June 2024.

Anna Wilshaw
Ombudsman