

The complaint

Mrs B and Mrs C are unhappy that Great Lakes Insurance UK limited (Great Lakes) declined their travel insurance claim.

Any reference to Great Lakes includes all its agents.

What happened

On 7 July 2023, Mrs B and Mrs C took out a single trip travel insurance policy via telephone. Both Mrs B and Mrs C declared their pre-existing medical conditions. Great Lakes is the underwriter on the policy.

The policy covered a cruise holiday which they were due to go on 9 September 2023 to 23 September 2023.

Mrs B and Mrs C believed that by taking out the policy, they would be fully covered except for one of Mrs C's conditions as it was still under investigation. Mrs B and Mrs C therefore booked and paid the deposit for the cruise.

On 14 July 2023, Great Lakes called to ask further questions about Mrs B and Mrs C's health. Mrs B says she was led to believe that at this point they weren't covered for their medical conditions and that Great Lakes withdrew the cover. The advisor on this call suggested that Mrs B contact the cruise company just to check their requirements. The cruise company confirmed that Mrs B and Mrs C had to be fully insured to travel with them.

Mrs B called Great Lakes later on 14 July 2023 and said she had no option but to cancel the trip as they wouldn't have the full cover as required by the cruise company.

Mrs B and Mrs C couldn't find alternative cover and therefore cancelled their trip on 18 July 2023. They received a partial refund from the cruise company. They submitted a claim to Great Lakes for the amount they had already paid for the cruise.

Great Lakes declined the claim as the reasons that led to the cancellation weren't covered under their policy. The policy was cancelled, and the premium was refunded as it was within the 14-day cooling off period. Unhappy with this, Mrs B and Mrs C brought their complaint to this service. They feel they've been treated unfairly by Great Lakes.

Our investigator looked into the complaint and didn't uphold it. She confirmed she will only be looking at the complaint about Great Lakes as it is responsible for the claim. And any issues regarding the seller would have to be directed to them separately. She didn't think Great Lakes had treated Mrs B and Mrs C unfairly or unreasonably as they were made aware from the call on 7 July 2023 that exclusions were applied on the medical conditions they'd declared. They were also sent policy documents that made it clear that the declared medical conditions would be excluded.

Mrs B and Mrs C disagreed and asked for the complaint to be referred to an ombudsman. So, it's been passed to me.

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.

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims promptly and fairly and shouldn't unreasonably reject a claim. I've taken these rules into account when making my decision about Mrs B and Mrs C's complaint.

I acknowledge, at the outset, that I've summarised this complaint in far less detail than Mrs B and Mrs C have, and in my own words. I won't respond to every single point made. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. The rules that govern our service allow me to do this as we are an informal dispute resolution service.

If there's something I've not mentioned, it isn't because I've overlooked it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to fulfil my statutory function.

The policy terms and conditions

I've started by looking at the policy terms and conditions as they form the basis of Mrs B and Mrs C's insurance contract with Great Lakes. On page 3 of the policy document, it states:

'Health Declaration

[...]

We are unable to provide cover for any pre-existing medical condition(s) where you have an undiagnosed medical condition, or a condition where you are currently on a waiting list, undergoing treatment, or tests or, where you are awaiting the results of any tests.

There are some instances we may be able to provide cover for pre-existing conditions if you are awaiting a procedure, (please see the Medical Declaration section on page 8 for more details).'

And page 8 of the policy document states:

'Medical Declaration...

...The insurance will also NOT cover you for any of your pre-existing medical conditions whether diagnosed or not, if you have any undiagnosed symptoms that require attention, or investigation in the future (that is symptoms for which you are awaiting investigations/consultations, or awaiting results of investigations, where the underlying cause has not been established), or are awaiting any medical procedure, surgery, radiotherapy, chemotherapy, or dialysis.'

Based on the above, it's clear that cover wouldn't be available for any declared pre-existing medical conditions or for any undiagnosed medical conditions.

Has the claim been declined fairly?

I'm sorry that Mrs B and Mrs C had to cancel the cruise because they didn't have the level of cover required by the cruise company. I completely understand they must have been disappointed with having to cancel their trip. But having looked the terms and conditions

under the cancellation section of the policy, the event that led to the cancellation isn't one that's listed as providing cover.

Insurance policies aren't designed to cover all eventualities and, in this case, Mrs B and Mrs C are claiming for the cost of having to cancel their cruise because they didn't have the full level cover under the policy they'd taken out on 7 July 2023.

I'm not persuaded that Great Lakes declined the claim unfairly or unreasonably. The situation they found themselves in just doesn't provide the cover under the policy for what happened.

Were the policy documents sent on 7 July 2023 unclear?

Mrs B says that she thought they were fully insured when they took the policy out on 7 July 2023. They wouldn't have gone ahead to book and pay for the cruise.

I'd like to point out here that Mrs B and Mrs C had insurance cover, but exclusions were applied to the policy (as is standard industry practice for cover on travel policies if there were declared pre-existing medical conditions). The issue was that the cruise company required them to be fully covered.

From the information available, I can see on 7 July 2023, Mrs B and Great Lakes went through all the declared pre-existing medical conditions. Great Lakes confirmed what would be covered and what wouldn't be covered.

All of the policy documentation was then sent to Mrs B and Mrs C on 7 July 2023. This included the validation certificate, which listed all the declared pre-existing medical conditions and the exclusions that would be applied on the policy, and the policy terms and conditions document.

A separate medical health declaration letter was also sent. This confirmed Mrs C's declared medical conditions and any pre-existing medical conditions that were excluded from cover. The letter also confirmed that the travel policy won't pay for any claims that may arise either directly or indirectly as a result of those conditions and any associated conditions. Those conditions were also listed.

On 14 July 2023, Great Lakes contacted Mrs B and went through the medical questions to ensure they had been screened correctly. They were amended but there was no other change from 7 July 2023. I understand on this call, the advisor asked Mrs B to check with the cruise company to see if they can still travel with the exclusions.

Mrs B contacted the cruise company who said they required full cover. So, Mrs B contacted Great Lakes and said the cruise company won't accept them with the cover they had taken out as it excluded pre-existing medical conditions.

While Mrs B says Great Lakes withdrew cover, I don't agree. Cover was provided on 7 July 2023, as confirmed by the policy documents that were sent to Mrs B and Mrs C, but exclusions were applied. The advisor suggested for Mrs B contact the cruise company but that doesn't mean that Great Lakes had withdrawn the cover for them both. My understanding is that it was as a result of the call with the cruise company that led Mrs B to cancel their trip.

Having looked at all of the documents carefully, I'm satisfied Great Lakes made Mrs B and Mrs C aware of the cover that was available and the exclusions that applied to the policy. The policy documents sent to them shows this. So, I'm satisfied that Great Lakes

didn't withdraw cover and it didn't do anything wrong in the process it followed when the policy was taken out.

Conclusion

Overall, I'm not persuaded that Great Lakes declined Mrs B and Mrs C's unfairly or unreasonably as the cost of cancelling their cruise isn't covered under the policy. I appreciate they will be disappointed, but I don't think Great Lakes has done anything wrong. It follows that I don't require Great Lakes to do anything further.

My final decision

For the reasons given above, I'm not upholding Mrs B and Mrs C's complaint about Great Lakes Insurance UK Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mrs C to accept or reject my decision before 20 June 2024.

Nimisha Radia
Ombudsman