

## **The complaint**

Mr and Mrs L complain about the way that Great Lakes Insurance SE handled a medical expenses claim they made on a travel insurance policy.

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

## **What happened**

The background to this complaint is well-known to both parties. So I've simply set out a summary of what I think are the key events.

On 1 November 2022, Mr and Mrs L flew abroad. Unfortunately, shortly after arriving at their pre-booked accommodation, Mrs L suffered a fall and sustained serious back injuries. She was admitted to hospital for treatment.

Mr L says he tried to contact Great Lakes' medical assistance company but was unable to get through. Mr and Mrs L's son contacted the assistance team on their behalf the following day, although it doesn't appear that there was any further contact with the assistance team while Mr and Mrs L were abroad.

Initially, Mr L intended to remain at the pre-booked accommodation. But he found this too upsetting, given what had happened to Mrs L and so he stayed at a hotel closer to the hospital. Ultimately, following surgery, Mrs L was discharged from hospital on 13 November 2022. And, as they'd missed their original return flight, Mr and Mrs L returned to the UK on 18 November 2022.

Mrs L's hospital and surgical expenses were covered by a GHIC card. But in January 2023, Mr and Mrs L made a claim for their out-of-pocket expenses – which included the cost of their original accommodation booking; hotel costs and new flights.

Great Lakes initially accepted Mr and Mrs L's claim and on 31 January 2023, it made an offer of settlement, which included the full amount of the original accommodation booking, flight costs and hospital benefit. It offered them around £3237.

In mid-February 2023, Mr and Mrs L sent Great Lakes further evidence in support of their claim. This included a bank statement which showed the actual amount they'd paid for the additional accommodation; a back brace Mrs L had had to pay for and Mrs L's actual hospitalisation dates, so that hospital benefit could be recalculated.

Great Lakes reviewed Mr and Mrs L's claim again, taking into account the new evidence. It took some months for it to do so and included contacting the medical assistance team to check what costs had been authorised. As no meaningful update was forthcoming, in April 2023, Mr L made a complaint about the way Great Lakes had handled the claim. He was also unhappy that he hadn't been able to contact the assistance team at the outset.

Ultimately, on 16 May 2023, Great Lakes sent Mr L a revised letter of settlement. It had increased the amount it paid for hospital benefit in line with Mrs L's actual admission dates. It

covered clinic costs. And it recalculated the cost of the alternative accommodation in line with exchange rates. However, it reduced the flight settlement to the cost of Mr and Mrs L's new flights back to the UK. And it only agreed to cover half of the original pre-booked accommodation costs. That's because while it agreed to cover Mrs L's portion of the pre-booked accommodation costs, it didn't think Mr L's half of the cost was covered by the policy terms. This meant it offered a lower settlement figure of around £2965.

Great Lakes did accept though that there'd been errors in the way it had handled Mr and Mrs L's claim and it offered them £125 compensation.

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

Our investigator thought Great Lakes had settled Mr and Mrs L's claim fairly and reasonably. Therefore, he didn't think it needed to settle any additional claim costs. But he didn't think £125 compensation was enough to reflect the trouble and upset Mr and Mrs L had been caused by being given an incorrect settlement figure at the outset or the delays in settlement. So he recommended that Great Lakes should pay Mr and Mrs L total compensation of £300.

I issued a provisional decision on 19 June 2024, which explained the reasons why I thought Great Lakes should pay Mr and Mrs L compensation of £300 and why I thought it should add interest to the settlement it had already paid them. I said:

*'First, I must make the parameters of this decision clear. Mr and Mrs L have told us that they have concerns about the branding of this travel insurance policy and about the way it was marketed. Great Lakes didn't sell this contract to Mr and Mrs L. They took it out through a broker, which is an entirely separate legal, regulated entity. So if Mr and Mrs L are unhappy with the way the policy was sold to them, they'll need to complain to the broker about that issue directly. This decision will only consider the actions of Great Lakes and the way it handled Mr and Mrs L's claim.'*

*It's clear that Mrs L suffered a very worrying accident abroad, which resulted in her suffering a painful injury. I don't doubt what an upsetting time this was for Mr and Mrs L and I was sorry to hear about the continued impact of Mrs L's injuries on her. I do hope she continues to recover well.*

*The relevant regulator's rules say that insurers must handle claims promptly and fairly. So I've considered, amongst other things, the contract terms and other regulatory rules and guidance, to decide whether I think Great Lakes handled this claim fairly.*

*It seems to me that there are two key issues for me to decide. Firstly, whether Great Lakes has settled the claim fairly. And secondly, whether it met its regulatory obligations to handle claims promptly and fairly. I'll deal with each point in turn.*

*Did Great Lakes settle this claim fairly?*

*I've first considered the policy terms and conditions, as these form the basis of the contract between Mr and Mrs L and Great Lakes. The evidence shows that Great Lakes considered this claim under two sections of the policy – 'Emergency Medical & Repatriation Expenses' and 'Cutting Short your Trip'. Given Mrs L had been admitted to hospital for treatment and given Mr and Mrs L had claimed for their unused costs, I think it was reasonable for Great Lakes to assess the claim under these headings.*

*The emergency medical and repatriation expenses section of the policy covers, amongst*

*other things, necessary medical costs; additional travelling costs to return a policyholder home, and additional travel and accommodation costs for someone to remain and travel with a policyholder. In the case of additional travel and accommodation costs for a friend or relative, the policy says that such costs must be deemed medically necessary and agreed by Great Lakes' medical officer.*

*It seems that most of Mrs L's medical expenses were covered by her GHIC card. I can see though that Great Lakes did go on to pay for clinic expenses (in the form of a back brace) for Mrs L. And I can see that it also covered the cost of Mr and Mrs L's new return flights to the UK and their additional accommodation following Mrs L's discharge from hospital, despite these expenses not having been approved by Great Lakes in advance.*

*Mr L also claimed for the costs he incurred to book into a new hotel for the period Mrs L was in hospital. Again, this wasn't authorised by Great Lakes ahead of these arrangements being made or the costs being incurred. And there isn't medical evidence which indicates that it was medically necessary for Mr L to have moved accommodation. Nonetheless, Great Lakes accepted and paid for these costs outside of a strict interpretation of the policy terms. In my view, this was a very fair response from Great Lakes.*

*The costs which now seem to be outstanding are Mr and Mrs L's remaining pre-booked flights and half of the pre-booked accommodation costs. These aren't covered by the medical expenses section of the policy, so I've next looked at the cover provided by the 'Cutting your Trip Short' section of the policy. This says:*

*'What is covered*

*We will pay up to £500 for Basic cover (unless you have purchased the optional £1,000/£3,000 add on) or £5,000 for Comprehensive cover (up to £15,000 may be available, please see the table of benefits for details) for your non-refundable deposits and amounts you have paid (or you have contracted to pay), for your travel and accommodation (including pre-paid excursions up to £300 for Basic cover and £350 for Comprehensive cover) which you do not use because of your inability to complete the trip due to:*

- a) an unforeseen illness, injury or death of you, a close relative, travelling companion or any person with whom you have arranged to stay during the trip.*
- b) you or any person with whom you plan to travel being called up for Jury Service or being summoned as a witness in a Court of Law (other than in a professional, or advisory capacity).*
- c) accidental damage, burglary, flooding or fire affecting your home, occurring during your trip, when the loss relating to your home is in excess of £1,500 or your presence is required by the Police in connection with such events.'*

*Strictly, Mr and Mrs L's trip was significantly extended. However, Great Lakes assessed Mrs L's curtailment claim as if her trip had been effectively cut short at the time she was injured and admitted to hospital. And so it agreed to pay Mrs L's portion of the unused accommodation costs.*

*I appreciate Mr L feels that his unused accommodation costs should also be paid, given Mrs L, his travelling companion, suffered an injury. But I don't think I could fairly direct Great Lakes to pay his half of the accommodation costs. The policy includes a 'special condition' which says:*

*'Claims where you have to cut short your trip will be calculated from the date you return to your home country, or the date you are hospitalised as an in-patient, for the rest of your trip.'*

*While I appreciate Mr L wasn't able to have the holiday he planned, and I understand he spent much of the time with Mrs L, the fact remains that he wasn't hospitalised and he was able to make use of the alternative accommodation Great Lakes has already paid for. As Great Lakes says, loss of enjoyment simply isn't covered by the terms of the policy.*

*Nor do I think it would be fair for me to tell Great Lakes to pay for the unused return flights for either Mr or Mrs L. That's because it's already paid for their new return flights under the medical expenses section of the policy. And the curtailment section of the policy says:*

*'What is not covered*

*any costs in respect of any unused pre-paid travel expenses when we have paid to repatriate you.'*

*As such, the unused flight costs are specifically excluded from cover.*

*Overall, I currently think Great Lakes has already settled this claim fairly.*

*Did Great Lakes handle the claim promptly and fairly?*

*Great Lakes has already acknowledged that it didn't handle the claim as well as it should have done. It accepts both that it initially made a mistake when it calculated the settlement which was due to Mr and Mrs L. And following Mr and Mrs L's submission of further evidence in support of their claim in February 2023, it took Great Lakes a further three months to assess that evidence and respond to Mr and Mrs L. It appears that the claim was only moved along because Mr and Mrs L had made a complaint about the way their claim was being handled.*

*In my view, Great Lakes hasn't provided a reasonable explanation for the delay in assessing and ultimately settling this claim. I've borne in mind that Mr and Mrs L say they're vulnerable consumers, who were caused financial difficulties as a result of this delay. I've also considered the disappointment they likely suffered when they learned that the settlement had been mis-calculated and that they were actually going to be paid a lower amount. And even when the settlement was re-calculated, Great Lakes failed to take into account evidence Mr and Mrs L had provided about their actual costs. I'm mindful too that Mr L says he wasn't able to get through to Great Lakes' assistance team when Mrs L was first admitted to hospital.*

*So, in my view, Mr and Mrs L have been caused material distress and inconvenience as a result of Great Lakes' delays and errors, over an extended period. Therefore, I think it's fair and appropriate that Great Lakes pays them compensation to reflect the trouble and upset its errors caused. I currently find that an award of £300 compensation is reasonable and proportionate to take into account the likely impact of Great Lakes' claim handling on Mr and Mrs L.*

*But I also think Great Lakes had the information it needed to settle Mr and Mrs L's claim at least two months earlier than it did. In my view, Great Lakes' notes show Mr and Mrs L provided all of the final relevant evidence and information it needed on 18 February 2023. So I think Great Lakes was in a position to recalculate the settlement within four weeks of receiving that information, following checks regarding whether the clinic costs were covered. Instead, settlement wasn't paid until 17 May 2023. Therefore, I think Mr and Mrs L were unreasonably delayed access to their settlement for around a two month period. And I think it would be fair for Great Lakes to pay interest on that settlement amount at an annual rate of 8% simple from four weeks after it received all of the claim information on 18 February 2023 until the date the claim was settled.'*

I asked both parties to send me any further evidence or comments they wanted me to consider.

Great Lakes accepted my provisional findings.

Mr and Mrs L didn't accept my provisional decision and I've summarised their response. They referred to the following policy definition of a travelling companion:

*'A person(s) with whom you have booked to travel on the same travel itinerary, and without whom your travel plans would be impossible.'*

They felt that after Mrs L's accident, both of their travel plans had become impossible. They considered that the curtailment section of the policy referred to amounts a policyholder had paid. In this case, they said Mrs L had paid for the accommodation via her credit card and the price hadn't been dependent on occupancy. They didn't think the policy terms allowed Great Lakes to divide the accommodation costs in the way it had done. They considered the terms referred to the amount paid by the person who'd been hospitalised.

Mr and Mrs L also felt that it couldn't be right that Great Lakes use brokers and other businesses but don't provide policyholders with its details until they need to make a claim. They said the situation had been made significantly worse by Great Lakes only responding to emails from the brokers it uses. They believed the situation would only change if it's forced to engage with policyholders by the regulator. And they didn't think £300 compensation would have this effect.

### **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 sorry to disappoint Mr and Mrs L, my final decision is the same as my provisional decision and for the same reasons.

As I explained in my provisional decision, I appreciate Mrs L suffered a painful and upsetting injury. I don't doubt what a worrying time this was for Mr and Mrs L. And I understand that as a result of Mrs L's accident, Mr L also wasn't able to have the holiday he planned.

But it remains the case that while Mrs L was Mr L's travelling companion, his trip wasn't cut short. In fact, it was extended. Mr L's trip wasn't effectively cut short because he was hospitalised and he didn't return to the UK early. It's still the case that Mr L was able to make use of the alternative accommodation Great Lakes had paid for outside of a strict application of the policy terms, given it hadn't authorised Mr L moving to alternative accommodation and there's no medical evidence to show such a move was necessary. And therefore, irrespective of who paid for the joint trip, I still don't think it would be fair or reasonable for me to direct Great Lakes to pay the costs of Mr L's portion of the original accommodation booking costs.

I appreciate Mr and Mrs L feel strongly about Great Lakes' relationship with the broker which sold the policy and about its processes. But it's important I make it clear that we're not the industry regulator and therefore, we can't tell a financial business we cover to change its policies or procedures. Nor can we fine or punish the businesses we cover. Instead, our awards of compensation are designed to reflect the trouble and upset we think an individual consumer has been caused in the specific circumstances of their complaint.

In this case, I remain satisfied that fair and reasonable redress is for Great Lakes to pay Mr and Mrs L annual interest of 8% simple on the claim payment between 18 February 2023 and the date the claim was settled to compensate them for the time they were without

access to the money. And I still find that it would be fair for Great Lakes to pay Mr and Mrs L total compensation of £300 to reflect the material trouble and upset I think they were caused by its errors in the handling of their claim.

### **My final decision**

For the reasons I've given above and in my provisional decision, my final decision is that I uphold this complaint in part.

I direct Great Lakes Insurance SE to:

- Pay Mr and Mrs L total compensation of £300 (less any compensation amount it's already paid); and
- Add interest to the claim settlement it paid at an annual rate of 8% simple from four weeks after 18 February 2023 until the date it settled the claim.\*

\* If Great Lakes considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs L how much it's taken off. It should also give Mr and Mrs L a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Ms L to accept or reject my decision before 7 August 2024.

Lisa Barham  
**Ombudsman**