

## **The complaint**

Mr A and Mrs R complain that Red Sands Insurance Company (Europe) Limited declined their travel insurance claim. My references to Red Sands include its claims management and emergency assistance service agent.

## **What happened**

Mr A and Mrs R had a single trip travel insurance policy for their trip abroad in Spring 2023. They were on a package holiday to Australia with a week in the country followed by a two week cruise. On the evening before sailing they tested positive for Covid-19 and weren't allowed to board the cruise. This was the last business day before the Easter weekend and they were left on land with no accommodation and two weeks until their return flight, so they arranged to isolate in a hotel whilst trying to arrange a return flight.

Mr A contacted their travel agent to try and arrange a return flight. He was told to contact the airline, and the insurance company as it may want to book revised flights direct. Mr A said the airline told him their planned return flight couldn't be changed and they would have to book a new flight.

Mr A also told us that he spoke to the insurance company (we now know it was the policy broker) who told him to book the return flight through the travel agent. The travel agent booked Mr A and Mrs R seats on an alternative airline to travel to the UK the day after Easter Monday. The cost of the missed cruise was refunded by the cruise company. Mr A and Mrs R claimed on the policy for the cost of the hotel room for five days and new flight, about £4,000 in total.

Red Sands declined the claim as it said the circumstances of the claim weren't covered by the policy terms.

Mr A and Mrs R complained to us as they want their claim paid. In summary they said:

- They queried why the letter refusing their claim referred to Red Sands when they had paid for insurance with another business and it should be that business who is liable for their claim.
- The insurance company was hiding behind clauses in the policy which said Covid-19 wasn't covered. But it had issued a supplementary document which is worded to make people believe there was cover. They said they were an elderly couple and shouldn't have to be legal experts to buy a travel insurance policy.
- Mr A had given the insurance company the details of when he called it about the return flight but it still couldn't find the call. It didn't tell him in the call that the new flight costs wouldn't be covered.

Red Sands told us that when Mr A was abroad he'd phoned the policy broker about the return flight, not Red Sands' emergency assistance team.

Our Investigator explained to Mr A and Mrs R that Red Sands was the insurer of the policy who was responsible for claims under the policy. She said Red Sands had reasonably declined the claim.

Our Investigator also explained that the business Mr A had phoned about the return flight was the policy broker, which is a separate business to Red Sands. If Mr A and Mrs R were unhappy with sale of the policy by the broker, or the service given to them by the broker, they would need to contact the broker to make a separate complaint.

Mr A and Mrs R want an Ombudman's decision. They believe they've been treated unfairly. They added that:

- They'd bought the travel insurance from the broker and received policy documents from the broker. As far as they were concerned that was the business they had insurance with. Mr A had contacted the emergency number given for that business on the policy documents when they needed help abroad.
- When Mr A spoke to the broker about their situation it didn't tell him he was talking to the wrong business and he needed to call Red Sands.

Before I made my decision we asked Red Sands what it would have told Mr A and Mrs R if they had contacted it about their situation before they arranged for alternative flights. Red Sands didn't respond.

### **What I provisionally decided – and why**

I made a provisional decision that on the evidence I had I was intending to partly uphold the complaint. I said:

'Our Investigator correctly explained that Red Sands is the insurer and it is the business responsible for claims on the policy. The policy broker is a separate business to Red Sands and is not responsible for claims. Red Sands is the correct business for me to make a decision about for Mr A and Mrs R's complaint that their claim was declined.

Travel insurance policies don't cover every situation. Red Sands can decide what risks it wants to cover in its insurance contract, the policy. The policy and the terms and conditions of the policy set out what Red Sands will cover.

Red Sands' final response letter to Mr A and Mrs R said it had assessed the claim under two sections of the policy.

The first section was the 'Emergency Medical and Repatriation Expenses' section of the policy. The terms under this section say Red Sands:

*'will pay for trips outside your home country up to the amount shown in the schedule of cover ... for necessary emergency expenses (that are payable within 6 months of the event that causes the claim resulting from your death, injury, or illness for:*

*2. Additional travel, accommodation, and repatriation costs to be made for... you ..*

*where it is deemed medically necessary following emergency treatment.*

*PROVIDED you are not claiming for...*

*2. Any costs as a result of having to isolate due to an infectious disease, including Covid-19 where you have not had emergency treatment'.*

There's no evidence that Mr A and/or Mrs R had emergency treatment due to having Covid-19. So there's no cover for the claimed costs under that section of the policy.

The second section was the 'Curtailement' section of the policy which says Red Sands:

*'Will pay up to the amount shown in the Schedule of cover for your proportional share of any unused:*

- 1. pre-paid excursions booked before you go on your trip up to a maximum £250*
- 2. pre-paid accommodation*
- 3. pre-paid foreign car hire; and*
- 4. pre-paid transport charges*

*That are directly related to your trip, which you have paid and cannot get back from anyone else in the first instance, or which cannot be transferred or used for another purpose, as well as any additional travel expenses incurred to get you home if you had to cut short your trip because the following unexpectedly happened after you left home which you could not have been expected to foresee or avoid:*

*2. you, anyone insured on this policy, or a travel companion, were diagnosed with an infectious disease during your trip (including contracting Covid-19)*

*Please note: You must use or re-validate your original ticket for your early return. If this is not possible you must provide evidence that additional costs were necessary.*

*Any refunds due on unused original tickets will be deducted from your claim. If you do not have an original return ticket, you will not be reimbursed for costs incurred for your early return [...]*

***Provided***

*1. You have contacted the 24/ 7 assistance team before making any arrangements.*

*...*

***If you need to make a claim:***

*If you need to curtail (cut short) your trip you must contact the 24/7 assistance team first on +44 (0) 144 446 5573 for you claim to be valid....'*

Under this 'Curtailement' section of the policy there's no cover for Mr A and Mrs R's cruise costs as those costs have already been refunded by the cruise company.

But under the policy terms in this 'Curtailement' section there is cover for additional travel expenses incurred to get Mr A and Mrs R home if their trip is cut short because one or both of them was diagnosed with Covid-19 during their trip. Mr A and Mrs R have claimed for the

additional cost of the new flight they purchased to return home early due to them having Covid-19.

Red Sands declined this part of the claim as it said Mr A and Mrs R didn't contact its emergency assistance team before making alternative flight arrangements to return home early. Mr A said he did speak to the insurance company to let it know what happened. But it's now been established that he phoned the broker of the policy and not Red Sands.

The policy terms require the policyholder to contact Red Sands' 24/7 assistance team before making arrangements to cut short the holiday on the phone number specified in the policy terms. The first page of the policy documents says under '**YOUR IMPORTANT INFORMATION**' that '*If you need Emergency Medical Assistance abroad or need to cut your trip short: contact advice line on: (phone number of Red Sands emergency assistance team)*'. That's repeated on the first page of the policy schedule in bold text.

I appreciate the broker's name and phone number is also given under the heading 'useful telephone numbers'. But the '**YOUR IMPORTANT INFORMATION**' is much more prominent. I think it was clear that Mr A and Mrs R needed to contact the phone number for Red Sands' emergency assistance team if they wanted to cut short their trip.

As Mr A and Mrs R didn't contact Red Sands' emergency assistance team before they made flight arrangements for their early return, Red Sands is correct to say there's no cover under the terms of the policy.

However, I also have to decide what's fair and reasonable in all the circumstances.

Red Sands hasn't said it would have refused Mr A and Mrs R's early return if they had called its emergency assistance team while they were abroad. Given that Mr A and Mrs R are in their mid eighties, with declared and covered medical conditions (including atrial fibrillation), I think it's reasonable they wanted to return early from Australia when they got Covid-19. And I think Red Sands would have, and reasonably should have, agreed to the curtailment if Mr A and Mrs R had called it.

I also think it's unlikely that Red Sands would have been able to change Mr A and Mrs R's package flight to a suitably earlier date, particularly during the Easter period. I've no reason to doubt what Mr A says about the original airline telling him that their planned return flight couldn't be changed. So I think it's more likely than not that a new alternative flight would have been booked for Mr A and Mrs R to return early even if they'd called Red Sands. Red Sands hasn't shown the breach of the policy condition to call its emergency assistance team has disadvantaged it.

In all the circumstances I think it's fair and reasonable for Red Sands to pay the claim for the additional flight, less any excess and subject to the policy limit, plus interest as I've detailed below.

There's no basis on which I can reasonably say Red Sands should pay Mr A and Mrs R's additional hotel costs. There's no cover for those costs under the 'Curtailment' section. As I've said, their situation isn't covered under the 'Emergency Medical and Repatriation Expenses' section.

I've seen the separate document Mr A and Mrs R were sent with the policy document, that they say tells them they were covered for Covid-19 issues. The document is branded the same as the policy and is headed 'Important information about Coronavirus (Covid-19)' and underneath the heading is 'If I buy a travel policy now, does it cover Coronavirus?'. The document summarises that there's cover for Covid-19 under named policy sections. But the

document also says '*For full terms and conditions please refer to our policy wording*'. So the document isn't saying that the policy covers all expenses related to Covid-19 in any situation.

If Mr A and Mrs R do have any concerns about how the broker sold the policy to them, or about its service, they will need to make a complaint to the policy broker. If agreement can't be reached with the broker about those matters then Mr A and Mrs R can ultimately make a separate complaint to us'.

### **Responses to my provisional decision**

Mr A and Mrs R accepted my provisional decision. Red Sands said it agreed with my provisional decision but wanted to note, and me to consider, that it could have sourced more economical flights but weren't given the opportunity to do so because Mr A and Mrs R hadn't phoned them.

### **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.

Both parties have accepted my provisional decision. Red Sands said it could have arranged cheaper return flights if Mr A and Mrs R had contacted it before they made their return arrangements, but it's given me no evidence to support that it could have done so. For the reasons I've given in my provisional findings and these findings I partly uphold the complaint.

I think Red Sands reasonably declined the claim for Mr A and Mrs R's additional hotel costs but it unreasonably declined the claim for their additional flight costs and it should put things right as I've detailed below.

### **Putting things right**

Red Sands must pay Mr A and Mrs R's claim for the cost of the additional flight, less any excess and subject to the policy limit, plus interest as I've detailed below.

### **My final decision**

I partly uphold the complaint and require Red Sands Insurance Company (Europe) Limited to pay Mr A and Mrs R's claim for the cost of the additional flight, less any excess and subject to the policy limit, plus interest\* at 8% simple a year from the date of claim to the date of settlement.

\*If Red Sands Insurance Company (Europe) Limited considers that it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mr A and Mrs R how much it's taken off. It should also give Mr A and Mrs R a certificate showing this 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 A and Mrs R to accept or reject my decision before 1 April 2024.

Nicola Sisk  
**Ombudsman**