

The complaint

Mr H and Mrs W have complained that Red Sands Insurance Company (Europe) Limited unfairly declined their claim.

What happened

Mr H and Mrs W bought a single trip travel insurance policy, underwritten by Red Sands.

A day before their departure date, Mrs W tested positive for Covid-19 and so they were unable to go on their trip. They made a claim which Red Sands declined. It said the policy they had bought did not have cancellation cover.

Unhappy, Mr H and Mrs W complained and referred their complaint to the Financial Ombudsman Service. Our investigator didn't think there was any cover and didn't uphold the complaint.

Mr H and Mrs W disagreed and have said the demands and needs statement is deliberately misleading, contradictory and confusing. They say they honestly believed they were covered.

And so the case has been passed to me to decide.

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, I don't think this complaint should be upheld. I'll explain why.

The relevant rules and industry guidelines say an insurer should handle claims promptly and fairly. And shouldn't unreasonably reject a claim.

The starting point is the policy documentation. I've reviewed the policy schedule which includes the demands and needs statement, the full policy wording and the Insurance Product Information Document (IPID).

The policy wording on page 4, under 'important information about your policy' says: *"If the Schedule of Cover and limits show NIL/No cover then that section of the policy is not applicable to the insurance cover you have purchased."*

Under 'Cancellation (Policy A Section 1)' page 10 of the policy terms and conditions it says: *"We will pay up to the amount shown in the schedule of cover for your portion of..."*

For cancellation cover, the schedule confirms the 'max sum insured per person' as: "No Cover".

The policy schedule says: *"...if you require insurance for the cancellation of your trip or loss or damage of your personal possessions, the Silver level of cover would not meet your*

needs, as this does not provide cover for these eventualities. You will need to look at the Gold or Platinum cover levels to see if they are more suitable, still considering the levels of cover and excesses each product offers to make sure they meet your demands sufficiently.

Attention should be given to the Medical, Cancellation and Personal Possessions sections, which are popular requirements, however if you require other cover such as liability or personal accident, etc you must check that this is included in the cover and that the limits of benefit and excesses meet your needs."

The above is followed by the next paragraph, which Mr H and Mrs W say is misleading: *"Due to the pandemic, cover for infectious diseases has become a consideration. Please be aware that all products provide cover for cancellation if you contract an infectious disease within 14 days of your trip start date."*

The IPID says: *"There is no cover for delays to travel, or if you miss your trip or if you cancel or cut short your trip."*

Taking all of the above into account, and even though I agree with Mr H and Mrs W that the demands and needs statement suggests they would be covered for cancellation for an infectious disease, they would only be covered up to the maximum in the schedule which shows: *"No cover"*. As there is no sum of money for cancellation on the schedule, they were not insured for this. So I can't ask Red Sands to pay their claim.

I agree the demands and needs statement should be clearer but there is no cover for Mr H and Mrs W's circumstances as confirmed in the limits section of the policy schedule, the IPID and the policy wording.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs W to accept or reject my decision before 21 May 2024.

Shamaila Hussain
Ombudsman