

The complaint

Mr and Mrs P are unhappy with how Red Sands Insurance Company (Europe) Limited (Red Sands) has handled their travel insurance claim.

Any reference to Red Sands includes all its agents.

What happened

On 20 December 2022, Mr and Mrs P took out a single trip travel insurance policy for a holiday they'd booked due to start on 16 May 2023 and end on 23 May 2023. Red Sands is the underwriter on the policy.

On 17 April 2023, Mr P went to see his GP due to a medical condition in his bladder. On 3 May 2023, Mr P was diagnosed with a tumour and a biopsy was required.

Mr and Mrs P contacted Red Sands to notify it of a potential claim on 11 May 2023, which was acknowledged. A claim form was sent to Mr and Mrs P.

On 12 May 2023, Mr and Mrs P contacted their travel provider to confirm they would be unable to travel.

They completed the claim form and submitted this to Red Sands on 3 June 2023, along with medical information that was requested.

Red Sands reviewed this and requested further information. Mr and Mrs P sent this on 21 July 2023. On 24 July 2023, Red Sands reviewed the medical information and said the GP hadn't confirmed it was medically necessary to cancel the trip. Red Sands also asked for Mr P's medical history as the claim form included medical conditions which hadn't been declared when they took the policy out. Red Sands asked Mr and Mrs P to complete information on the settlement form.

Their GP provided a further letter which Mr and Mrs P sent to Red Sands on 26 August 2023. Mr and Mrs P also said they wouldn't complete the settlement form as they preferred a cheque to be sent to them. Red Sands asked for Mr and Mrs P's bank details in September 2023 and confirmed that it cannot send a settlement by cheque.

Red Sands reviewed the information Mr and Mrs P provided as part of their claim and declined it. It said not all of Mr P's medical conditions were provided when the policy was taken out. So Red Sands would need to carry out a retrospective medical screening to check that the correct premium was paid. It asked Mr and Mrs P to complete a list of questions about Mr P's medical history. Red Sands said it couldn't assess the claim until they provide this information.

Mr and Mrs P made a complaint to Red Sands, and it issued a final response on 21 November 2023. They said they were unhappy about the following:

- The request for medical information was sent in respect of Mrs P which wasn't

relevant to the claim.

- That the claim couldn't be paid by cheque and that the settlement form confirmed they would only need to provide bank details if they agreed to the conditions outlined.
- The contract was created when the premium was paid, and the policy documents were sent after the date of the insurance contract.
- The documents which were issued confirmed that only previous medical conditions which could have an impact on current medical health had to be disclosed.

Red Sands issued its final response on 21 November 2023. It said:

- The request for Mr P's medical history was addressed to Mrs P, as she was the lead policyholder. But the request referred for Mr P's information to be completed.
- Red Sands didn't have the facility to make settlement payments by cheque. It acknowledged that the request to complete this information was mis-leading and feedback would be provided.
- Policy documents were sent to Mr and Mrs P on 20 December 2022, on the same day that they confirmed they wanted to take out the policy. An email was also sent to them on 6 May 2023 which provided instructions for them to gain access to the policy documents.
- All previous and existing medical conditions must be disclosed, as part of the terms and conditions of the policy. This information impacts the premium the policyholders pay.

Red Sands said it was waiting to receive Mr P's medical history. Once it's received this, it would validate their claim. But it couldn't do this until Mr and Mrs P return this information to Red Sands.

Mr and Mrs P brought their complaint to this service. Our investigator looked into it and upheld it in part. She said, considering the information provided by Mr and Mrs P's GP, it was reasonable for Red Sands to have expected for them to provide any change in medical conditions between the date the policy was purchased and the date of travel. When Mr P received his diagnosis, it was reasonable for Red Sands to have expected this change in health to be declared.

Our investigator also said the wording on the settlement form wasn't clear and it led to Mr and Mrs P thinking they could receive a settlement by cheque and having to accept certain criteria. She recommended Red Sands pay Mr and Mrs P £100 compensation for the inconvenience caused.

Red Sands accepted the investigator's findings.

Mr and Mrs P didn't accept it 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.

The insurance industry regulator, the Financial Conduct Authority ('FCA'), has set out rules and guidance for insurers in the 'Insurance: Conduct of Business Sourcebook' ('ICOBS').

ICOBS says that insurers should act honestly, fairly and professionally in accordance with the best interests of their customers, and that they should handle claims promptly and fairly. I've taken these rules into account when making my decision about Mr and Mrs P's complaint.

Almost all travel insurance policies place an ongoing duty on the consumer to inform their insurer of any changes to their health. This allows the insurer to assess the change in risk and decide if it's able to cover that risk and what the cost of any change would be.

In general terms, an insurer can decide what risks it's willing to cover. But an insurer is only entitled to amend the terms of a contract mid-term if it has clearly set out the situations in which it will do so within the policy and in the Insurance Product Information Document (IPID). And the change in health needs to be significant (i.e., change the basis upon which the insurer would be prepared to continue to offer cover).

So, I've started by looking at the relevant policy documentation as they form the basis of the insurance contract between Mr and Mrs P and Red Sands.

The IPID

Page 1 of the IPID states:

'What is not insured:

Existing medical conditions that you haven't told us about or where we've not agreed to cover them in writing

Are there any restrictions on Cover?

There is no cover at the start of the policy if anyone to be insured is waiting to have any medical investigation, or the results of any test or investigations, unless these relate to an already diagnosed condition you've told us about.

[...]

Policy terms and conditions

- Page 1 of the policy terms and conditions states that accurate and relevant information must be provided at all times. And once cover has been arranged, the policyholder must contact the insurer immediately to notify them of any changes to the information that has previously been provided to them.
- Page 1 also provides a '*Criteria for purchase*'. This states that all existing medical conditions must be disclosed as well as any previous existing medical conditions which could have an impact on the policyholder's current health and any additional premium required must be paid.
- Page 3 'Health/Existing Medical Conditions' states:

'This policy contains health restrictions that apply to the cover provided under the Cancellation, Curtailment and Emergency medical and repatriation expenses section. For the purposes of this insurance, you are considered to have an existing medical

condition if you answer “Yes” to any part of the following questions, which you were asked when you applied for insurance with us:

Have you, or are you, or anyone in your party:

1. taken any prescribed medication, or received any medical treatment in the last two (2) years.
2. attended a medical practitioner’s surgery, or hospital or clinic (outpatient or in-patient) in the last two (2) years
3. awaiting medical treatment or investigation [...] [...] All existing medical conditions must be disclosed as well as any previous existing medical conditions which could have an impact on your current health [...]

Please note:

[...] 3. We will cover you for existing medical conditions that you have declared to us and which we have accepted in writing. These existing medical conditions are set out in the “Medical Declaration”.

4. You must declare all existing medical conditions as well as any previous medical conditions which could have an impact on your current health. If you declare some existing medical conditions and not others your policy may be cancelled or treated as if it never existed, and your claims may be rejected or not fully paid.

5. We may require an additional premium to cover your existing medical conditions. Should you decide not to pay the additional premium for an existing medical condition, you will not be eligible for cover and your policy will be cancelled in line with the cancellation terms of the policy.

6. We will not cover you if your state of health was worse than you declared to us at the time you purchased this policy.

7. Please check that the information set out in the “Medical Declaration” is correct. If not, you must call your issuing agent on 0330 024 9949 to advise them. If the information is incorrect your policy may be cancelled or treated as if it never existed and/ or your claims may be rejected or not fully paid.

8. Your policy may be cancelled or treated as if it never existed and or your claims may be rejected or not fully paid if a claim is made relating to any medical condition, illness or injury of the Insured Person(s), or any person who your travel depends on, which you or they knew about before you bought this insurance, or which develops before your outward journey where we have not been notified.’

- Further down in the same section explains about Change in health/circumstances:

‘Change in circumstances (including change in your health)

If you suffer an injury, illness or change in your health, including any changes to medication, after taking out this insurance but before starting your trip (this is known as a change in circumstance). Any change in circumstances must be notified to us and accepted in writing. in order to be covered under all sections of the policy. You will only be covered under the cancellation section of this policy until we have accepted any changes.’

- Change in Health is defined on page 7 as:

'Change in health

Any deterioration or change in your health between the date the policy was bought and the date of travel, this includes new medication, change in regular medication, deterioration of a previously stable condition, referral to a specialist, investigation of an undiagnosed condition or awaiting treatment/consultation.

- Existing medical condition is defined as:

Existing medical condition

Any disease, illness, or injury, including any psychological conditions which you knew about before you bought this insurance, or which develops before your outward journey and where you answer "Yes" to any of the questions stated under the Health/Existing Medical Conditions section of this policy.'

- And, the General Conditions and Exclusions on page 9, which apply to all sections of the policy, states:

'You are not covered under any section, unless specified, for any of the following circumstances:

[...] 8. Any claim arising directly or indirectly from you failing to provide full and accurate information including full details of medical conditions or changes in your health or anyone's health on which the trip depends, known by you at the time of buying this policy or which occurs between booking and before you travel unless it has been disclosed to us and we have agreed in writing [...]

[...] 10. Any existing medical condition or health condition that has been diagnosed, been in existence or for which you have received treatment from a hospital or specialist consultant or for which you are awaiting or receiving treatment or under investigation, unless we have agreed cover in writing before commencing your trip and any additional premium has been paid (see Health / Existing Medical Conditions)

[...]

Based on the above policy documents and information that was sent to Mr and Mrs P, I think Red Sands has clearly set out the situations where it's entitled to amend the terms of the contract.

Has Red Sands acted fairly in requesting further medical evidence?

Mr and Mrs P's policy was taken out on 20 December 2022. Red Sands sent Mr and Mrs P the policy documents on 20 December 2022. An email was sent to them on 6 May 2023 to reset their password so they could gain access to the policy documents. So, I think they were given appropriate information in good time, and they also had the opportunity to review these.

I can see that Mr and Mrs P's GP said on the claim form that Mr P first went to see her on 17 April 2023. And the GP confirmed on 3 May 2023, Mr P received his diagnosis.

They contacted Red Sands to open their claim on 11 May 2023 and they cancelled their trip on 12 May 2023. Mr and Mrs P submitted the claim to Red Sands on 3 June 2023.

There isn't any dispute that there was a change in Mr P's health, at least from 3 May 2023, when he received his diagnosis. Based on this and the relevant terms and conditions, I think it was reasonable for Red Sands to expect that this change in health ought to have been declared.

I further note that Mr and Mrs P didn't consult their GP, when the trip was cancelled, whether it was medically necessary before they decided to cancel it. The GP has also said that Mr P wasn't on a waiting list or had knowledge of the need for, surgery, inpatient treatment or investigation at any hospital or clinic when the insurance was purchased.

When Mr and Mrs P took out their policy, they declared a number of medical conditions, and this has been confirmed on the policy schedule they received. Mr P's medical history also shows conditions for Mr P. However, there is a difference between the medical conditions declared when the policy was taken out and the conditions the GP has listed for Mr P. These being: Partial anterior cerebral circulation infarction, atrial fibrillation, myocardial infarction and a left ventricular aneurysm. Because of this, I think it's fair and reasonable for Red Sands to request additional medical information about the conditions that weren't declared. And asking for this additional information is in line with the terms and conditions of Mr and Mrs P's travel policy. So I don't think Red Sands has done anything wrong in doing so.

I've considered Mr and Mrs P's comments regarding the GP's letter dated 17 August 2023. I've also reviewed this letter and I've noted the GP has said it was medically necessary for Mr and Mrs P to have cancelled their trip due to Mr P's medical condition. And that the undeclared medical conditions didn't have any relation to the condition that required the trip to be cancelled. I appreciate the GP's comments in the letter. But Red Sands has asked for additional medical information for Mr P which I don't think is unreasonable. It says there is a potential that the premium could change as a result of the undeclared medical conditions and eligibility may also be affected. But at present, it cannot say as the information hasn't yet been provided by Mr and Mrs P.

An insurer is entitled to make reasonable enquiries to satisfy itself that a claim is covered under a policy before making a payment. So overall, it's not unfair or unreasonable that Red Sands has asked for additional information from Mr and Mrs P. And while the request was addressed to Mrs P (as the lead policyholder), it's clear that Red Sands requires information about Mr P as the claim is related to him.

Red Sands requested further medical information from Mr P to decide the impact of these on the policy. Without these answers Red Sands is unable to validate the policy and consider the claim Mr and Mrs P have submitted. It has confirmed that as soon as Mr and Mrs P send the additional information, it will review and assess the claim. Without this information, it can't do this. I think that's fair and reasonable in the circumstances, and the onus is on Mr and Mrs P to supply the information. The claim cannot be progressed without this.

I confirm therefore that the claim hasn't yet been assessed and a decision on this hasn't been made as Red Sands still requires Mr P to complete the additional information its requested. The responsibility is on Mr and Mrs P to provide this information should they want their claim to be progressed further. I'm satisfied that Red Sands have dealt with the claim in line with the terms and conditions of the policy. Should Mr and Mrs P provide the information Red Sands has requested, I would expect it to deal with this matter promptly and fairly.

Settlement form issue

I agree that the wording on the claim form wasn't clear, and I can see why Mr and Mrs P

didn't provide the bank details. The wording refers to possible payments being made by cheque and agreeing to certain conditions. I can see why Mr and Mrs P thought this was a possible method of payment and why they might have wanted to complete the bank details.

Red Sands has apologised for this confusion and agreed to provide feedback. It's confirmed it doesn't make payments by cheque and therefore Mr and Mrs P will need to provide their bank details. It's not my role to ask a business to change the method of how it makes settlement payments, and I can't tell it what to do in this regard. But I can see that this has caused Mr and Mrs P distress and inconvenience. I think £100 compensation for this impact is fair and reasonable in the circumstances. I uphold this aspect of Mr and Mrs P's complaint.

Putting things right

I require Red Sands to pay Mr and Mrs P £100 compensation for the distress and inconvenience caused to them.

My final decision

For the reasons given above, I partially uphold Mr and Mrs P's complaint about Red Sands Insurance Company (Europe) Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 16 July 2024.

Nimisha Radia
Ombudsman