

## **The complaint**

Mr and Mrs Y have complained about the way Red Sands Insurance Company (Europe) Limited ('Red Sands') handled their claim.

## **What happened**

Mr and Mrs Y had a travel insurance policy, underwritten by Red Sands. They travelled abroad and Mr Y unfortunately became unwell and needed medical attention and treatment.

They made a claim but were unhappy with the way Red Sands handled it, so they complained and referred their complaint to the Financial Ombudsman Service.

Our investigator looked into the complaint and found that although Red Sands had fairly paid a proportional settlement, the claims process could have been better, and she recommended £100 compensation.

Mr and Mrs Y disagreed and asked for an Ombudsman's decision and in summary, said their concerns about getting transport home hadn't been properly considered amongst other things.

And so, the case has 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.

Having done so, I think this complaint should be upheld, in part. I'll explain why.

I issued my provisional decision on 11 June 2024. I thank both sides for responding.

I have copied the contents of my provisional decision below:

- "The relevant rules and industry guidelines say an insurer should handle claims promptly and fairly. And shouldn't unreasonably reject a claim.
- The relevant law in this case is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer.
- And if a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is - what CIDRA describes as - a qualifying misrepresentation. For it to be a qualifying misrepresentation the insurer has to show it would have offered the policy on different terms or not at all if the consumer hadn't made the misrepresentation.

- CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.
- Red Sands thinks Mr Y failed to take reasonable care not to make a misrepresentation when he failed to disclose all of his pre-existing medical conditions.
- I've looked at the questions asked, and I agree that Mr Y failed to take care. Red Sands has said that had Mr Y declared all of his conditions, it would have charged him a higher premium.
- This means I'm satisfied that Mr Y's misrepresentation was a qualifying one (subject to Red Sands providing a correct retro screening as detailed below).
- Red Sands has treated Mr Y's misrepresentation as careless which offers the most favourable outcome under CIDRA.
- I've looked at the actions Red Sands can take, and I am satisfied they are in line with the remedies detailed in CIDRA. Red Sands has said it would have charged £633.52 for the policy had Mr Y correctly declared his medical conditions. And he paid £407.22 which was 64.25% of the correct premium. Red Sands therefore paid 64.25% of the total claim.
- Mr Y was unhappy with the lack of assistance Red Sands provided when he called for assistance. Our investigator said it should pay £100 compensation as the claims process could have been smoother and faster. But I think a total of £400 compensation for distress and inconvenience should be paid as I think Red Sands could have provided better non-financial assistance and guidance to Mr Y who was vulnerable.
- Our compensation award bands for distress and inconvenience can be found on our website. £400 compensation would be appropriate for significant distress and inconvenience. In this case, I think there was a delay in settling the claim as Red Sands used incorrect information to complete a retro screening. The information provided by the GP didn't show when his prescriptions started and so Red Sands should have checked this before completing the retro Screening. Mr Y made it clear that he only started taking some of his medication after he returned from holiday, and I would have expected Red Sands to have clarified this with him before completing the retro screening. The correct screening was done months later, and the settlement wasn't paid until late 2023.
- In addition, Mr Y made it clear to Red Sands on the phone that he was expecting to arrive late at night and there would be a scarcity of taxis at that time. As Mr Y was vulnerable and told Red Sands he would be using a wheelchair, I think it ought to have provided more non-financial assistance and perhaps provided him with telephone numbers for a taxi service. Or alternatively, it could have made the booking for him. I don't think Red Sands provided the correct guidance and support.
- Overall, I think the delay in settling the claim correctly and the time Mr Y spent chasing and questioning the proportional settlement as well as the failure to listen to Mr Y's concerns about transport home caused significant distress and inconvenience to Mr and Mrs Y.

- I have also asked Red Sands to provide me with the correct retro screening, but it has failed to do this. If it doesn't provide the correct retro screening which shows that Mr Y would have been charged more and he only paid 64.25% of the correct premium, I will be asking it to pay the claim in full with 8% simple interest. To manage Mr and Mrs Y's expectations, if Red Sands does provide me with the correct retro screening by the deadline specified, I will not be asking it to make an additional payment for the claim."

As Red Sands has now provided the correct retro screening, I will not be asking it to make an additional payment for the claim. But I still think £400 compensation for distress and inconvenience is fair and reasonable in all the circumstances of this case.

Red Sands has made the following comments, in summary:

- The assistance team will usually provide transport recommendations via a network rather than a direct taxi company. So based on the current process, the team wouldn't normally provide details of a taxi company outside its network due to potential liability concerns. Had the team booked a taxi through a third party agent, this would have incurred a fee which Mr Y would have been liable for.
- Whilst it accepts settlement took longer than normal, there will always be extended handling times where past medical history is required. There were also delays in receiving information from the GP. It therefore considers £200 to be a more reasonable amount.

Mr Y has made the following comments, which I have summarised:

- Red Sands incorrectly claimed a fit to fly certificate hadn't been provided. It then promised to provide transport but later refused, leaving them alone at cold temperatures without considering their age and circumstances.
- When declaring medical conditions Mr Y made an innocent error and he accepted the correct retro calculation. Mr Y disagrees with some of the entries in his medical records specifically relating to anxiety.
- Mr Y had to deal with many different companies over a long period of time. Mr Y had told Red Sands that he was in an apartment and didn't have internet connection but he could receive calls and messages. Red Sands proceeded to send an email with an attached consent form but Mr Y did not know about this.

Having considered the above comments and everything again, I am satisfied that £400 compensation is appropriate for the significant distress and inconvenience Mr and Mrs Y felt for all the reasons explained in my provisional decision and below.

Although Red Sands says its usual process doesn't allow it to provide taxi details outside of its network, I still think it could have done more to give Mr Y this option. Alternatively it could have authorised the expenses whilst waiting to approve the medical claim, given Mr Y's vulnerabilities. Overall, I think it could have provided more support and assistance even though it was waiting to authorise the claim.

It also thinks £200 is more appropriate. Although there were delays with the GP, Red Sands did not do all it could to proactively progress the matter as quickly as possible. And it missed opportunities to review the available information and provide clear information requests. It hasn't shown that it has considered the individual impact on Mr Y who was chasing for

information over a prolonged period of time.

Mr Y has summarised his complaint points overall and whilst I note he couldn't access the medical consent form whilst abroad, he would have always had to complete this and send it back to Red Sands. It would then need to request his medical history to validate the claim.

In relation to the misrepresentation, I am satisfied that the correct retro screening has now been provided. Although Mr Y doesn't agree that he suffered from anxiety, he was prescribed medication for this which he should have declared. Red Sands has settled the claim in line with CIDRA, so I think that is the fair and reasonable outcome.

I have carefully considered everything Mr Y has said in detail and I agree that overall, he suffered significant distress and inconvenience for which I think £400 compensation is appropriate taking into account the length of time he spent chasing.

### **My final decision**

For the reasons set out above, I uphold this complaint in part, and direct Red Sands Insurance Company (Europe) Limited to pay Mr and Mrs Y a total of £400 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Y and Mr Y to accept or reject my decision before 24 July 2024.

Shamaila Hussain  
**Ombudsman**