

The complaint

Mr R complains that Red Sands Insurance Company (Europe) Limited hasn't paid a cancellation claim he made under his travel insurance policy.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here in detail.

In summary, Mr R booked a flight abroad on 24 November 2023, and he was due to travel on 23 January 2024. When booking the trip, Mr R's partner, who he was intending to stay with, was due to have surgery in December 2023. But unfortunately, this was postponed to an unknown date.

Mr R then bought a single trip travel insurance policy, provided by Red Sands, on 7 January 2024 to cover the trip. However, on 10 January 2024 Mr R's partner's surgery was arranged to take place when Mr R was due to arrive. So, he postponed his trip and bought new flights. Mr R made a claim to Red Sands for the costs of his original flight, as well as visa costs.

Red Sands declined the claim as the policy excludes claims arising from an existing medical condition affecting someone the policyholder is intending to stay with. Mr R doesn't think this is fair, as there was no option to declare his partner's medical condition when she wasn't travelling with him.

Our investigator didn't uphold the complaint, but Mr R didn't agree with her findings. So, the complaint was 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.

Firstly, Mr R has made detailed submissions on this complaint. I've read and considered everything he's said – both before and after our investigator's findings. But I'm required to address the points that I consider to be material to the outcome of the complaint. So, I haven't addressed every point Mr R has raised, or in as much detail. This isn't meant as a discourtesy, it simply reflects the informal nature of our service.

Industry rules set by the regulator (the Financial Conduct Authority) say insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of Mr R's complaint.

The policy criteria for purchase, set out in Mr R's policy terms and conditions, says the following:

“This insurance is sold on the understanding that you agree with all of the points unless an amendment has been agreed with us and we have confirmed the amendment to you in writing: [...]

- there is no cover under this policy if you purchase this insurance and are aware of any circumstances that are likely to lead to a claim.”*

The policy terms also say under “health/existing medical conditions” the following:

“11. any claim arising directly or indirectly from an existing medical condition affecting a close relative or travelling companion, who is not insured on this policy whether travelling or not, or a person with whom you intend to stay whilst on your trip will not be covered.”

Mr R says the above term is misleading, as it suggests there’s an option to insure a person you intend to stay with for existing medical conditions. He also says the above term contradicts the relevant policy criteria for purchase. Additionally, Mr R believes not allowing the option to insure his partner’s condition in the circumstances is discriminatory. In short, Mr R doesn’t believe the policy terms are clear, or that Red Sands has acted fairly.

Insurers are entitled to decide what risk they’re willing to accept in return of a premium. And it’s not for our service to tell an insurer what risks it should insure, or how it should set out the terms and conditions of the policy. My role is to decide if Red Sands acted fairly and reasonably, and in line with the policy terms and conditions, when it declined Mr R’s claim.

It’s also not for our service to decide if a business has breached the Equality Act 2010, only a court can do so. But I’ve taken all relevant law into account when deciding what’s fair and reasonable.

I think the policy terms are clear that there’s no cover if the policyholder is aware of any circumstances that are likely to lead to a claim. I also think the policy terms are clear that there’s no cover for any claims arising directly or indirectly from an existing medical condition affecting a person with whom the policyholder intends to stay with during the trip. When buying the policy, Mr R was aware his partner, who he intended to stay with during the trip, had a medical condition that she needed surgery for. And his claim arose from that condition.

I know Mr R interprets the policy terms differently. But this doesn’t mean the policy terms aren’t clear, or that they’re ambiguous. As I set out above, I think the relevant policy terms are clear. And I think Red Sands acted fairly and reasonably when it declined Mr R’s claim, as the circumstances leading to his claim aren’t covered by the policy terms.

Unfortunately, I think it’s unlikely Mr R would have been able to take out any travel insurance policy to cover the situation he found himself in, as this isn’t something these policies usually provide cover for. But this is the nature of insurance – insurance policies don’t cover every eventuality.

Having considered everything, I think Red Sands acted fairly and reasonably in the circumstances of this complaint, for the reasons I’ve set out above.

My final decision

My final decision is that I don’t uphold Mr R’s complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 27 November 2024.

Renja Anderson
Ombudsman