

The complaint

Ms T has complained about the way Red Sands Insurance Company (Europe) Limited handled a complaint she made on a travel insurance policy.

What happened

Ms T was due to go on a trip abroad in May 2023. However, her father unfortunately died in April 2023, with the funeral taking place when she was due to be away. She therefore cancelled the trip and made a claim on the policy.

She says she accepts there is an exemption in the policy relating to claims arising from the death of a close relative due to a pre-existing medical condition and therefore she didn't expect the claim to be paid. However, she was unhappy with the treatment she received during the claims process. In particular, this related to continually being asked to provide further information when Red Sands should have known almost straight away that the claim would be declined due to her father's death from a pre-existing condition. She also felt there had been a lack of compassion for her situation.

I wrote a provisional decision last month in which I explained why I thought the complaint should be upheld. Both parties responded to say they had no new points to raise.

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.

I've carefully considered the obligations placed on Red Sands by the Financial Conduct Authority (FCA). Its 'Insurance: Conduct of Business Sourcebook' (ICOBS) includes the requirement for Red Sands to handle claims promptly and fairly, and to not unreasonably decline a claim.

Looking at the policy terms, under what is not covered, it states:

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

Ms T first contacted Red Sands by phone on 5 May 2023 to register the claim. She mentioned that her father had been diagnosed with a serious condition over a year ago but that he'd been well for most of the time but had gone downhill suddenly in the last couple of weeks.

A big part of the complaint was that Red Sands kept asking for a medical certificate for her father, when it should have known in May 2023, based on what Ms T had told it, that the claim wouldn't be covered.

As I explained in my provisional decision, I didn't think it was unreasonable for Red Sands to ask for a medical certificate, to properly ascertain if the cause of death did indeed relate to a pre-existing condition. However, there was a lack of care when dealing with Ms T and in not providing appropriate responses to her queries.

Ms T explained to Red Sands in June 2023 that her father's GP would not complete forms for people who were not their own registered patients. Instead of providing advice, it just kept repeating its request for the certificate, leading Ms T to unnecessarily pay her father's GP for a letter in support of her claim. It wasn't until it sent its complaint final response letter in November 2023 that Red Sands explained how to get round that issue.

Ms T was in a vulnerable state following the recent death of her father. I could see from the correspondence that she became increasingly upset during the claims process, explaining that she has been struggling due to the bereavement. Although Ms T had complained about a lack of compassion, that was not addressed in Red Sands' final response letter. It had, however, subsequently agreed that it would be willing to pay compensation for the issue. I concluded in my provisional decision that there had been some insensitivity in its advisers' communications with Ms T, particularly around the issue of establishing her relationship to her father.

Overall, I considered that Red Sands should pay a total of £220 compensation for the distress caused due to a lack of compassion, and to refund the cost of the doctor's letter. As neither party made any substantive additional comments, I see no reason to depart from the outcome I reached in my provisional decision. It follows that I uphold the complaint.

My final decision

For the reasons set out above, my final decision is that I uphold the complaint and require Red Sands Insurance Company (Europe) Limited to pay Ms T £220 total compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 13 December 2024.

Carole Clark
Ombudsman