

The complaint

Mr and Mrs F are unhappy that Red Sands Insurance Company (Europe) Limited (Red Sands) declined their travel insurance claim.

What happened

Mr and Mrs F took out an annual multi-trip travel insurance policy on 15 October 2022. The policy started on 15 October 2022 and ended on 14 October 2023. The policy was underwritten by Red Sands.

In November 2022, Mr and Mrs F booked a trip which was due to depart on 4 November 2023 and return on 4 December 2023.

On 14 September 2023, they received a renewal invitation for their travel insurance policy with Red Sands.

On 15 September 2023, their daughter became ill and was admitted to hospital. She was discharged on 23 September 2023.

Their travel insurance policy with Red Sands was renewed on 25 September 2023.

Mr and Mrs F cancelled their trip on 5 October 2023.

The renewed annual travel insurance policy started on 15 October 2023.

Mr and Mrs F's daughter had an operation on 29 October 2023 and was discharged again after staying two nights in the hospital. She had a further procedure at the end of November 2023.

They submitted a claim to Red Sands in November 2023. The claim was declined because the trip wasn't covered under the 2022-2023 as it fell outside of the policy period. Red Sands also said at the time the policy was renewed on 25 September 2023, Mr and Mrs F's daughter's illness was known and there is no cover for a known event under the cancellation section of their 2023-2024 policy.

Unhappy with Red Sands' response, Mr and Mrs F brought their complaint to this service. Our investigator upheld the complaint. He said the claim submitted for the above trip was for the policy year 2022-2023. And when Mr and Mrs F booked their trip, they weren't aware of their daughter's illness or circumstances that would lead to a claim. They made their claim before their policy expired. As the cancellation claim was made within the year 2022-2023, our investigator recommended that Red Sands settle the claim.

Red Sands disagreed and asked for the complaint to be passed to an ombudsman. So, it was passed to me.

I issued a provisional decision to both parties on 26 November 2024. I said the following:

I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

The relevant rules and industry guidelines say that insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules into account when deciding what I think is fair and reasonable in the circumstances of Mr and Mrs F's complaint.

I've started by looking at the terms and conditions of Mr and Mrs F's policy as they form the basis of their contract with Red Sands. On page 7 under the section 'General Conditions and Exclusions Applying to all Sections of Cover', it states:

'Applying to all sections of your policy

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

[...]

3. Any trip under an annual multi-trip policy where the return date falls outside of the end date of cover shown on the schedule of cover.

[...]

Additionally, under the Cancellation section of the policy on page 8, there is a list of events where the policy provides cover but only if:

[...]

'15. for annual multi trip policies the trip falls within the start and end date of the period of insurance as shown on the Schedule of cover.

[...]

There is no cover provided under this section for anything mentioned in the General conditions and exclusions applying to all sections of cover in this policy'

Mr and Mrs F's trip was due to start on 4 November 2023 and return on 4 December 2023. The start and return dates of the trip fall outside the period of insurance. In this case, the period of insurance was from 15 October 2022 to 14 October 2023. So even though the trip was booked within the period of insurance, there's no cover for a trip that falls outside of this period. Based on the policy terms and on what's happened, I don't think the terms are unclear and I don't think the claim has been declined unfairly by Red Sands. Not all insurance policies cover every eventuality, and I don't consider this to be an unusual term within the policy. There's simply no cover for a trip that fell outside of the period of insurance.

I've also considered carefully what happened regarding renewing the travel insurance policy and Mr and Mrs F's daughter's illness. They renewed their policy on 25 September 2023 for the subsequent year with Red Sands as the underwriter. The policy started on 15 October 2023. I've looked at the terms and conditions of Mr and Mrs F's policy for the year 2023-2024 as there's no cover for cancelling their trip on their previous year's policy.

Under the Cancellation section of the renewed policy, there is a list of events where there is cover for the cancellation of a trip. But this is only if 'you are not claiming for a known event'. Mr and Mrs F cancelled their trip on 5 October 2023. And their renewal date was 25 September 2023. By both dates, they were aware of their daughter's condition, and this is what has ultimately led to the claim being made. Whilst Mr and Mrs F have said they weren't

aware of the severity of her condition, this isn't relevant here. They took the renewed policy out knowing about their daughter's condition and this is therefore considered to be a known event. And therefore, there is no cover for this under their policy.

A travel insurance policy is different to other health policies in that a policyholder isn't asked about the health of non-travelling relatives and this isn't something that cover can be purchased for. The two annual travel policies taken out are separate in their own right. Therefore, I don't agree that there was continuous cover in the circumstances here.

Overall, from the information available, I don't think there are any grounds for me to reasonably direct Red Sands to accept Mr and Mrs F's claim. I know they will be disappointed, but I don't think Red Sands declined the claim outside the terms and conditions of their policy and I don't think it's been declined unfairly.

For the reasons given above, my intention is not to uphold Mr and Mrs F's complaint.

I now invite both parties to give me any additional information they would like me to consider before 10 December 2024.

Red Sands didn't respond to my provisional decision.

Mr and Mrs F responded and said the following:

- They disagree with the provisional decision.
- They disagree that the two travel policies running for each year aren't continuous.
- They didn't know the exact nature of their daughter's condition or the severity of it before the renewal.

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 won't be upholding the complaint. I appreciate Mr and Mrs F responding to my provisional decision and for taking the time to do so. However, the points they've put to me are ones which I've already considered. I reviewed, amongst other things, the response Mr and Mrs F sent to Red Sands dated 19 January 2024 regarding continuous cover and not knowing about the severity of their daughter's illness. I have already taken this into account and noted their comments as part of the provisional decision.

The Financial Conduct Authority (FCA) policy statement: PS16/21 detailed its findings and proposal to increase transparency and engagement in general insurance markets. This provides the meaning of 'renewal' in the context of the statement (which Mr and Mrs F have referred to). That is, '*carrying forward a policy, at the point of expiry and as a successive or separate operation of the same nature and duration as the policy, with the same insurance intermediary or the same insurer.*' In context, proposals were made to insurers about the premium, the presentation of information at renewal and on mid-term changes. The context of this statement was around renewals and the information insurers should be providing to policyholders. There's nothing to suggest in here that the renewal should be considered as continuous.

The travel insurance policies Mr and Mrs F took and subsequently renewed with the same provider were each annual contracts on their own right. So, a renewal in a subsequent year

is considered to be a new annual contract. I don't disagree that Mr and Mrs F renewed their policy and did this with the same provider. I don't think though that the renewal was continuous cover.

In the circumstances here, as the dates of Mr and Mrs F's trip fell outside of the policy that they took out in 2022-2023. And as they would have known their daughter was ill at the time of the renewal, they have no cover under either policy. Regardless of the severity of their daughter's illness, this was a known event and there is no cover for this under Mr and Mrs F's travel policy.

I'm sorry to disappoint Mr and Mrs F and I understand why they needed to cancel their trip. But in the circumstances here I can't make Red Sands responsible for the claim. Overall, I don't think Red Sands declined their claim unfairly. It follows therefore that I don't require Red Sands to do anything further.

My final decision

For the reasons given above, I don't uphold Mr and Mrs F's complaint about Red Sands Insurance Company (Europe) Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F and Mr F to accept or reject my decision before 9 January 2025.

Nimisha Radia
Ombudsman