

The complaint

Ms D's complaint is about the refusal of a claim under her bicycle insurance policy with Red Sands Insurance Company (Europe) Limited.

What happened

In June 2024, Ms D bought a bike for her son, which came with free 30 days insurance cover with Red Sands. At the end of the 30 days Ms D renewed the policy. The bike was stolen a few days later. Ms D says her son had been using the bike and locked it up but an angle grinder was used to break the lock.

Ms D made a claim under the policy with Red Sands. However, Red Sands rejected the claim, as it said the policy only covers the bike for theft if Ms D, or someone in her immediate family that lives with her who is over 16 was using it. Ms D is very unhappy with this and raised a complaint. As Red Sands did not change its position, Ms D brought her complaint to us.

Ms D says the policy was mis-sold, as the retailer knew the bike was for her son; and no questions were asked when she bought the renewal about the age of the user. Ms D has made a number of submissions to support her complaint. I have considered everything she has said but have summarised her main points below:

- While she is now aware of this small print, it was not clear in the policy and no one told her the policy would be unsuitable. If she had known, she'd have taken out alternative insurance, as the bike is worth £9,500 and she cannot afford to replace it.
- She was not asked anything about family members or the ages of any riders. Other insurers ask these questions, so this policy was unclear and misleading.
- In any event, it doesn't matter who was in possession of the bike at the time it was stolen, as it was stolen by the thieves using an angle grinder to break the lock. The theft could therefore have easily happened the same way, even if it was her that had been using it.
- The bike was not being used, as it was left secured and the policy covers her for it being unattended.
- The exclusion for cover if the bicycle has been "*loaned or hired out by You to any other person*" implies a fee is involved.
- Ms D is also unhappy with the length of time this has taken Red Sands to resolve and that they said she had told them her son was over 16.
- Red Sands is still taking the premium for her policy.

Ms D wants the claim covered and compensation for the delays in dealing with the complaint and for distress.

One of our Investigators looked into the matter. He did not recommend the policy be upheld, as he was satisfied that Red Sands was entitled to reject the claim for the reasons it did.

Ms D does not accept the Investigator's assessment. She says the Investigator has also been confused by the policy wording as he quoted a term under the personal accident

section and not the theft section of the policy. Ms D also says the Investigator has acknowledged that the policy would cover the bike if her son had been over the age of 16, and another term in the policy makes clear it does not have to be the policyholder using the bike. The policy wording is unclear.

As the Investigator was unable to look at the complaint, it has been passed to me.

Ms D also says the sale should be looked at. The investigator has already correctly explained that Red Sands did not sell the initial policy, or the renewal, so the mis-sale complaint would have to be considered separately. I am only considering the complaint relating to the refusal of the claim and whether Red Sands has acted fairly and reasonably in the way it handled the claim.

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.

Ms D's policy provides for accidental damage and theft of the bike, as well as some other things. The policy was issued to Ms D with her named as the only policyholder. Ms D says the bicycle in question was owned by her but used by her son.

The theft section of Ms D's policy says:

"We will cover Your Bicycle and/or Accessories is Your bicycle and/or Accessories are stolen from Your Home, or Away from Your Home, provided you have complied with the conditions of this policy..."

The cover provided under the theft section of cover is subject to a number of specified exclusions, including the following:

"Exclusions

The following are excluded from your bicycle cover

Any claims by You for:

- *Your Bicycle when loaned or hired out by You to any other person."*

The policy defines "You" and "Your" as follows:

"You, Your means the person named as the policyholder on the Schedule who is resident in the United Kingdom. In relation to the conditions of cover, provided the following reside at Your Home on a permanent basis, You includes Your Immediate Family which means a person older than 16 who permanently resides at Your Home and is Your child, stepchild, parent, stepparent, spouse, sibling, life partner, or civil partner, and shall include adoptive relationships."

And it defines "Immediate Family" as:

"a person older than 16 who permanently resides at Your Home and is Your child, stepchild, parent, stepparent, spouse, sibling, life partner, or civil partner, and shall include adoptive relationships."

Ms D says this was in the “*small print*” but the definition of those benefiting under the policy would commonly be: in the definitions section. I think the terms are sufficiently clearly written and mean that the bike is only insured for theft, if it is being used by the named policyholder or any member of her immediate family that are over 16 years of age; and it is not covered if the bicycle was “*loaned*” to someone else who does not come under the above definitions.

Ms D says the exclusion regarding loaning or hiring the bike suggests that this is for a fee but I do not agree that the word “*loaned*” indicates a fee. I think the ordinary meaning of the word “*loaned*” simply means it has been lent to someone and the exclusion means that theft is not covered if the policyholder has lent the bike (or hired it) to someone that is not the policyholder, or the other people defined as covered.

The bike belonged to Ms D and she did essentially lend it to her son to use. Therefore, as he was under 16 at the time of the theft, it is not covered.

In addition, the “*general exclusions*” section that applies the whole policy, says:

“You are not covered for and will not receive any benefit in respect of:

Any loss or damage caused when anyone other than the policyholder is using the insured Bicycle.”

Ms D says this caused confusion, as given the definition of “*you*” above, it means that people other than the policyholder are covered. I don’t agree. I think it is sufficiently clear that it is only the policyholder, or anyone else that meets the definition of “*you*” as the policyholder in the policy as set out above, that is covered.

Ms D also refers to one of the other exclusions to the theft section:

“Theft or loss if You or the person looking after Your Bicycle and/or Accessories has voluntarily parted with it, even if tricked into parting with it by a third party, or in circumstances where the Bicycle and/ or Accessories loss would not be deemed to have been stolen.”

Ms D says this means that people other than the policyholder can be looking after the bike.

I think this term, which is about the bike being looked after by someone else, rather than being used by someone else, is likely to be regarding situations where the bike is being transported, stored or repaired. I do not think it means that the terms which set out clearly that only “*you*” (which would mean the policyholder and members of her immediate family who are over 16) are covered for using the bike should be disregarded by Red Sands. I think it is clear enough that it would still only be people over 16 that are covered for using the bike.

I am not persuaded that the policy is so unclear, or misleading such that Red Sands should be required to disregard its policy terms and provide cover that is not intended. Having considered everything carefully, the policy is, in my opinion, sufficiently clear that it only covers use of the bike by Ms D and members of her family that live with her that are over 16 years of age. Red Sands is entitled to decide what risks it wants to cover and it does not want to cover bikes while they are being used by anyone under 16. Ms D says other policies do provide such cover but Red Sands has chosen not to and I do not consider this to be inherently unfair or unreasonable.

Ms D has also said that, as the bike was taken using an angle grinder, it did not really matter who had been using it before it was left secured to a bike rack. This might be the case, but it also might be relevant who was using the bike, as the bike may be taken and left unattended

at locations that Ms D would not have taken it. In any event, Red Sands does not have to prove that the theft would not have happened if it had been used by someone over 16; the fact is the policy does not cover the bike if it is not being used by Ms D or anyone living with her that is over 16.

Ms D also says the bike was not being used at all, as it was secured somewhere and she is covered for it being left unattended. For the same reason, I do not think this is a reasonable assertion. I think it is reasonable for Red Sands to take into account who was using the bike, and who had secured it, immediately before the theft.

With regard to the policy premiums, I can see Red Sands said in its rejection letter of 30 July 2024 that it was going to cancel the policy and refund the premiums Ms D had paid. I have not seen any evidence that Ms D asked to cancel the policy (she may have done but it is not in the papers I have, as far as I can see); and this was not mentioned in the final response letter. I do not consider therefore that I can direct Red Sands to cancel the policy and refund the premiums, as it appears there is another bike insured under the policy and it does not appear that this has been raised as a complaint point with Red Sands yet. Therefore, I would suggest that Ms D should contact Red Sands if she wants to cancel the policy.

Ms D also says she was accused of saying her son was 16. I have no evidence of that but have no reason to doubt what Ms D has said. However, while this has caused her some annoyance, I do not think it has impacted the outcome of the claim or complaint, so do not intend to make any finding about this. Ms D has also complained about the time taken to deal with her complaint. I have seen no evidence of any undue delays with the handling of the claim; and complaint-handling is not something I can consider in its own right.

Overall, for the reasons given above, I consider that Red Sands dealt with the claim fairly and reasonably and was entitled to reject the claim.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 4 March 2025.

Harriet McCarthy
Ombudsman