DRN-5519349

The complaint

Mr and Mrs E have complained that Red Sands Insurance Company (Europe) Limited declined a claim they made on a travel insurance policy.

As it is Mrs E leading on the complaint, for ease, I will mostly just be referring to her in this decision.

What happened

Mr and Mrs E were on a trip abroad in August 2024 when Mrs E's sister unfortunately died suddenly. They therefore curtailed their trip and made a claim on the policy.

Red Sands declined the claim on the basis that the circumstances are not covered under the policy terms.

Our investigator thought that Red Sands had acted reasonably in declining the claim, in line with the policy terms and conditions. Mr and Mrs E disagree and therefore the complaint has been passed to me for a decision.

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.

Firstly, I'd like to say how very sorry I am for Mrs E's loss. I do appreciate that having to make a claim, and then a complaint, at such a difficult time, will have been extremely stressful.

Insurance policies aren't designed to cover every eventuality or situation. An insurer will decide what risks it's willing to cover and set these out in the terms and conditions of the policy document. The test then is whether the claim falls under one of the agreed areas of cover within the policy.

Looking at the policy terms, under '*Curtailment*', one of the listed perils for cutting short a trip is:

'1. You, anyone named on this insurance, a travel companion, a close relative, a close business associate, or the person you were going to stay with became ill, was injured or died.'

Therefore, the death of a sister is something that the policy potentially covers. However, the terms and conditions go on to say, under '*Health/existing medical conditions'*:

'*This policy contains health restrictions that apply to the cover provided under the Cancellation, Curtailment and Emergency medical and repatriation expenses section. (…….)*

Important, please note:

(……)

'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 person with whom you intend to stay whilst on your trip will not be covered.'

Mrs E's sister was diagnosed with a serious medical condition in 2022. Her death in 2024 was directly related to her diagnosed condition. Therefore, based on the above policy wording, it's clear that this isn't an insured event under the policy terms.

Insurers are entitled to make their own commercial decisions about what they will and will not cover. As long as this is plainly set out in the policy terms, it is not something that we would generally interfere with.

Mrs E says that Red Sands hasn't been transparent about which clause in the policy it is relying on to decline the claim. It is the case that its initial decline letter dated 23 September 2024 incorrectly quoted the wrong term. However, a second letter dated 14 October 2024 did contain the correct exclusion as set out above. Furthermore, its letter in response to the complaint dated 27 November 2024, acknowledged the initial omission and apologised for it.

Mrs E says she didn't know she needed to disclose her sister's medical condition. To be clear, she didn't need to disclose this at the time of purchasing the policy and an insurer would not be expected to ask specific questions about the health of relatives.

She says she was unaware of the exclusion about relatives' health. This is a clause that is common to most travel insurance policies and is not a significant term that I would expect Red Sands to particularly draw to her attention. Its obligation was to provide information that was clear, fair and not misleading. Whilst I appreciate her view about the clause being buried within the text of the policy, overall, I'm satisfied that the term is presented in a clear and straightforward manner.

I have enormous sympathy for Mrs E's situation. Although her sister had a terminal diagnosis, she had been generally well. There's no suggestion that these events could have been foreseen at the time of arranging the holiday, buying the policy or embarking on their trip. However, the matter at hand is whether the circumstances are covered under the policy terms, and I'm sorry to say that they are not.

Having considered all the available evidence, I consider it was fair and reasonable for Red Sands to decline the claim. It follows that I do not uphold the complaint.

My final decision

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E and Mr E to accept or reject my decision before 8 September 2025.

Carole Clark
Ombudsman