

## **The complaint**

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

## **What happened**

Mr and Mrs H had planned a family trip away at the end of December 2024. Very sadly, Mrs H's father died just beforehand. They therefore cancelled the 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 H disagree and so 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.

The complaint involves the actions of the claim administrators, acting on behalf of Red Sands. To be clear, when referring to Red Sands in this decision I am also referring to any other entities acting on its behalf.

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 the family'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.

So, I've considered the terms of the policy held, as this forms the basis of contract between the parties.

Looking at the policy wording, under the 'Cancellation' section, it states:

*'We will pay up to the amount shown in the schedule of cover ..... because the following unexpectedly happens before you left home and which you could not have been expected to foresee or avoid:*

- 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 (including an infectious disease within 14 days of your trip starting).'*

Therefore, the death of a parent, being a close relative, is something that is covered, but only under certain circumstances.

The policy terms also state:

*'Health/existing medical conditions*

*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 H's father had been diagnosed with two serious health conditions in 2014 and 2015. The death certificate lists these two conditions as the cause of death.

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.

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 their attention. And the health of close relatives isn't something that Red Sands required policyholders to declare at the time of buying the cover. Its obligation was to provide information that was clear, fair and not misleading. And, overall, I'm satisfied that the policy wording does make it clear that there is no cover for claims originating from the pre-existing medical condition of a close relative.

Medical certificates were obtained for Mrs H and their daughter, to show they were unfit to travel, due to bereavement. There's no doubt that was the case, however, the primary reason for cancellation was the death of Mrs H's father.

Additionally, their daughter had sustained a recent injury from which she was not fully recovered. However, the medical certificate gives the cause for cancelling the trip as being the unexpected death of her grandfather.

Mrs H had to register the death, which couldn't be done until 31 December 2024, which has been cited as another reason why travel wasn't possible. But again, the primary cause for cancelling the trip was still her father's death.

I have a huge amount of sympathy for Mr and Mrs H's situation. They had to cancel a family holiday, through no fault of their own, and are out of pocket as a result. Although Mrs H's father had been living with serious medical conditions for some time, they considered his health to be generally stable. There's no suggestion that, when booking the trip, they could have known what was going to happen. However, the matter at hand is whether those circumstances are covered under the policy terms, and I'm sorry to say that they are not.

Having considered all the available evidence, I'm unable to conclude that Red Sands has done anything wrong. It was fair and reasonable for it to decline the claim on the basis that Mrs H's father had died from a pre-existing medical condition, in line with the policy terms and conditions. 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 Mr H and Mrs H to accept or reject my decision before 27 October 2025.

Carole Clark  
**Ombudsman**