

The complaint

Mrs P complains about the settlement Red Sands Insurance Company (Europe) Limited (Red Sands) paid to settle the claim she made under her travel insurance policy. She also complains about the way it handled her claim.

Mrs P is being represented in this complaint by a relative, but as the policy belongs to Mrs P, and for ease, I've referred to her throughout.

What happened

The circumstances of this complaint will be well known to both parties and so I've summarised events.

In June 2024 Mrs P purchased a single trip travel insurance policy to cover her trip due to take place in September 2024. The policy was provided by Red Sands. In July 2024 Mrs P unfortunately suffered a stroke. She contacted her broker to make it aware of her stroke and an additional premium was taken.

Unfortunately, Mrs P was unable to travel as planned and so she cancelled her trip and submitted a claim under her travel insurance policy. Mrs P was unhappy with the way her claim was being handled and so raised a complaint.

Following investigation Red Sands believed Mrs P had failed to declare medical conditions to it when she purchased her policy. It told Mrs P it would be settling her claim on a proportionate basis in line with the Consumer Insurance (Disclosures and Representations) Act 2012 (CIDRA). It paid Mrs P 84.18% of her claim. Mrs P didn't think this was reasonable and so raised a further complaint about this decision. Mrs P's representative was also unhappy Red Sands had taken an additional premium without consulting a third party, and with the language used during the sales process.

On 28 February 2025 Red Sands issued Mrs P with a final response to her complaint. It said:

- Whilst Mrs P had declared two medical conditions to it, there were a number of other medical conditions which should have been declared.
- It carried out a retrospective screening including all medical conditions and this showed Mrs P had paid 84.14% of the premium she should have done, so it had settled 84.14% of her claim.
- The service provided had fallen below the level it would expect on this occasion.
- When Mrs P made it aware she had suffered a stroke, and additional premium was due in order to add this to the policy.
- It had provided feedback about the wording used during the sales process.

Mrs P didn't think this was reasonable and so referred her complaint to this Service.

Our investigator looked into things. She said she was satisfied Mrs P had failed to declare medical conditions when she purchased her policy and the proportionate settlement Red Sands had paid was calculated correctly. She also said she thought it was reasonable Red Sands took an additional premium following Mrs P making it aware of her stroke. However, she thought there had been unreasonable delays and a lack of communication from Red Sands and so it should pay Mrs P £150 compensation.

Red Sands accepted our investigator's view but Mrs P didn't agree with it. She said she didn't think it was reasonable to expect her to remember all appointments from the previous two years. She also didn't think it was reasonable for Red Sands to take an additional premium when she made it aware of her stroke, and didn't think this call was handled appropriately. She also didn't think the compensation was sufficient given the losses she had experienced.

Mrs P made this Service aware her travel provider had agreed to reimburse Mrs P the rest of her holiday following her claim with Red Sands, so she no longer has suffered a financial loss. However, she still wanted an ombudsman to consider her complaint about the way her claim had been handled.

As Mrs P has asked for an ombudsman to consider her complaint, it's been passed to me to decide.

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 want to acknowledge I've summarised Mrs P's complaint in less detail than she's presented it. I've not commented on every point she has raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Mrs P and Red Sands I've read and considered everything that's been provided. I've addressed the key points separately.

Misrepresentation

Mrs P has received the reimbursement of her cancelled trip through the claim settlement Red Sands paid and the refund issued by her travel provider. However, she doesn't think Red Sands were reasonable to settle her claim on a proportionate basis and has said this caused her unnecessary distress and inconvenience. So, I've considered whether Red Sands were reasonable to settle Mrs P's claim on a proportionate basis.

The relevant law in this case is CIDRA. This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer.

And if a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is – what CIDRA describes as – a qualifying misrepresentation. For it to be a qualifying misrepresentation the insurer has to show it would have offered the policy on different terms or not at all if the consumer hadn't made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

Red Sands think Mrs P failed to take reasonable care when she failed to tell it about a number of medical conditions she had suffered from when she purchased her policy.

When Mrs P purchased her travel insurance policy she was asked a number of questions relating to her health and medical history. Mrs P told Red Sands about her underactive thyroid and gastroenteritis.

Based on Mrs P's medical history, Red Sands believed Mrs P should have declared a number of other medical conditions including anaemia, bile acid malabsorption and a lower respiratory tract infection.

I've looked at the questions Mrs P was asked when she purchased her policy alongside her medical records. I don't intend to list every question Red Sands asked or every condition Mrs P should have declared, but I think it was reasonable for Red Sands to conclude there were further medical conditions Mrs P should have made it aware of. For example, Mrs P was asked whether she had taken any prescribed medication in the last two years. Her medical records show she was taking medication to treat anaemia but this wasn't declared.

Mrs P has said she thinks Red Sands should ask for medical records before offering a policy but there's no requirement for Red Sands to do so. The onus is on the consumer to take reasonable care not to make a misrepresentation when answering an insurer's questions, and it's not unreasonable for an insurer to rely on the information it's given when offering an insurance policy,

Based on the questions Red Sands asked, and the medical information provided, I think a reasonable person in Mrs P's position would have declared additional medical conditions. So, I think it was reasonable for Red Sands to conclude there had been a misrepresentation when Mrs P purchased her policy.

I've gone onto consider whether this misrepresentation is a qualifying one.

Red Sands have provided underwriting evidence to show had Mrs P declared further medical conditions it would have charged her an additional premium for her policy. I appreciate Mrs P would like to see this information, but it is commercially sensitive and so I'm unable to share it with her. Whilst I appreciate this will be disappointing, I want to assure her I've considered it carefully.

As Red Sands have been able to show it would have offered Mrs P her policy on different terms had it been aware of the misrepresentation, I'm satisfied this is a qualifying misrepresentation.

Red Sands has treated Mrs P's misrepresentation as a careless one rather than deliberate or reckless. I think this is reasonable and so I've looked at the actions Red Sands were able to take in accordance with CIDRA.

As Mrs P has made a claim, CIDRA entitles Red Sands to settle her claim proportionally based on the premium Mrs P paid, compared to the premium she would have paid for the policy. So, whilst I acknowledge Mrs P was upset Red Sands didn't agree to settle her claim in full, I'm satisfied it was entitled to settle Mrs P's claim on a proportionate basis.

Additional premium

Mrs P's representative is unhappy Red Sands accepted an additional premium when Mrs P made it aware she had suffered from a stroke. He has said it was clear from the call Mrs P was unwell, distressed and failing to understand what was being required of her. He thinks it

shouldn't have accepted any additional premium without consulting an appropriate third party.

Based on the information provided, I don't think this part of Mrs P's complaint is the responsibility of Red Sands. I've listened to the call Mrs P's representative is referring to, and it's clear this call is with the insurance broker responsible for administering the policy.

Whilst Red Sands are ultimately responsible for the amount of additional premium due as a result of Mrs P declaring her stroke, this isn't what Mrs P's representative is unhappy about. Mrs P's representative is unhappy with the way the call was handled and that it was allowed to continue. As Mrs P was speaking with the broker at this time, the broker would be responsible for the way this call was handled. So, if Mrs P is unhappy with this, she should look to raise this with the broker directly.

Wording on website

Mrs P has explained when she sought to purchase a new policy there were no policies available for her. But she felt the wording used online was inappropriate.

Based on the evidence provided it's unclear which website Mrs P was using when she was presented with the wording she found inappropriate. So, I'm not entirely persuaded Red Sands were responsible for the wording Mrs P was presented with. But in any event, I think Red Sands taking on board Mrs P's comments and passing this on to the appropriate team to investigate is reasonable.

Claim handling

Red Sands have acknowledged its handling of Mrs P's claim wasn't of the standard it would expect and has agreed to pay Mrs P the £150 compensation suggested by our investigator. So, I've considered whether this is reasonable to acknowledge the impact to Mrs P.

I should explain that this Service can only make awards for distress and inconvenience to 'eligible complainants'. In the circumstances of this complaint, the only eligible complainant is Mrs P as the sole policyholder. So, when deciding reasonable compensation, I'm only able to consider the impact to Mrs P specifically. I'm aware Mrs P had a representative dealing with her claim, and it appears he was the one chasing Red Sands and doing much of the information gathering. Whilst I think Mrs P has experienced distress and inconvenience given the delay in her claim being settled, I think her representative has mitigated some of the impact Red Sands errors have caused her.

Mrs P has highlighted the distress and inconvenience caused by Red Sands's decision to settle her claim proportionately and by the way the call with the broker was handled. However, as explained previously, I don't think it was unreasonable for Red Sands to settle Mrs P's claim proportionately, nor do I consider it responsible for the call Mrs P is unhappy with.

Taking all of this into consideration I think the £150 compensation suggested by our investigator is reasonable to acknowledge the impact the errors I hold Red Sands responsible for had on Mrs P. So, I require it to pay Mrs P £150 compensation.

My final decision

For the reasons I've set out above I uphold Mrs P's complaint about Red Sands Insurance Company (Europe) Limited. I require it to pay Mrs P £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 4 November 2025.

Andrew Clarke
Ombudsman