

## The complaint

Mr C and Mrs C have complained that Red Sands Insurance Company (Europe) Limited declined a travel insurance claim.

## What happened

Mr and Mrs C purchased their single trip travel insurance policy on 11 July 2024; they had booked a holiday abroad the previous day. The policy is marketed under a different name but is underwritten by Red Sands.

Mr and Mrs C planned to depart on their holiday on 5 December 2024, but on 25 November 2024 they cancelled their holiday due to their daughter's health. I'll refer to the daughter as "F". F was travelling on the holiday but not insured under this policy.

Red Sands declined the cancellation claim. It said that Mr and Mrs C ought to have known on 20 September 2024 that the trip would need to be cancelled. Red Sands said that if Mr and Mrs C had cancelled it then they would have received a refund of almost all the cost with the exception of the deposit, which was less than the policy excess.

Mr and Mrs C submitted a letter from F's GP. The GP confirmed that although F needed treatment on 20 September 2024, it was expected that she would have the treatment quickly. However there was a significant delay in the NHS. The GP confirmed that if F had had her treatment earlier she would have been fit to travel on 5 December 2024.

When Red Sands didn't change its position Mr and Mrs C referred their complaint here.

Our investigator recommended that it be upheld. They concluded that whilst the claim was originally declined fairly, once new information was received from the GP on 10 January 2025 Red Sands should have met the claim. The investigator also recommended that Red Sands pay Mr and Mrs C £100 in compensation for the frustration and inconvenience of having their claim declined.

Red Sands appealed. It made the following points:

- Mr and Mrs C were aware or ought to have been aware that F's illness might impact their travel plans for December 2024.
- Had Mr and Mrs C cancelled in September; they would have recovered most of their loss – by waiting until November they incurred a greater financial loss which could have been mitigated.
- F's illness was not new or unexpected in November – the policy doesn't cover anticipated recovery that fails to materialise.

Red Sands asked that the investigator's conclusion be reconsidered in the light of the insured's duty to mitigate loss, the foreseeability of cancellation and the policy's requirement for unexpected illness.

As no agreement has been reached the complaint has been passed to me to determine.

## 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.

Whilst I've summarised the background to this complaint, I've carefully considered all the submissions the parties have made. In this decision though I've focused on what I find are the key issues here. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So I've considered, amongst other things, the contract terms, regulatory rules and the available evidence to decide whether I think Red Sands treated Mr and Mrs C fairly. Having done so, I agree with the conclusion reached by our investigator, and I uphold this complaint. I will explain why.

Under the cancellation section of Mr and Mrs C's policy terms it is stated:

*You must inform your travel agent, tour operator, event or flight company as soon as you are aware you need to cancel and request a cancellation invoice*

Red Sands felt that Mr and Mrs C should have been aware of a need to cancel on 20 September 2024 – as at this time only the deposit had been paid – this would have fallen below the policy excess.

But although I find it was reasonable for Red Sands to initially reach this conclusion based on the information from F's GP, I'm satisfied that it should have reassessed and admitted the claim by 10 January, following the later GP's letter dated 8 January 2025.

This letter confirmed that there was a significant delay in receiving the results of F's diagnostic endoscopy on 20 September 2024 and the plan for definitive treatment. This information wasn't received by letter until 26 November 2024, but without a date for treatment Mr and Mrs C had decided to cancel on 25 November 2024.

The GP confirmed that if F had her treatment earlier, she would have been fit to travel. This accords with Mr and Mrs C's testimony that although F had needed to cancel an earlier trip, from the 20 September 2024 to the planned departure of 5 December 2024 was almost 11 weeks. They expected F would have had her treatment by that stage and would be able to travel. I understand that F's surgeon had also given timescales, which unfortunately didn't play out in practice.

In the circumstances I don't agree F's illness should have given Mr and Mrs C an earlier awareness that their travel plans might be impacted. If things went smoothly F would have had her treatment and been able to travel, unfortunately when it looked unlikely that this would be the case Mr and Mrs C did cancel. It follows that I don't agree with Red Sands that they should have cancelled on 20 September 2024 – this is not supported by the medical evidence. I understand the point Red Sands makes that the policy isn't intended to cover anticipated recovery that doesn't materialise. But again, the medical evidence confirms that had the treatment taken place F would have been fit to travel.

Finally I accept the policy doesn't offer unlimited cancellation cover but is restricted to certain events. Red Sands hasn't disputed that a cancellation claim would be payable – but argues that the holiday should have been cancelled sooner than it was. For the reasons given above I don't agree. I'm satisfied that when they purchased the policy in July, Mr and Mrs C could not have been expected to foresee or avoid the situation – F wasn't unwell at that time. But more than that I am satisfied it is reasonable to conclude that they expected F to have

had her treatment and been able to travel on the holiday in December 2024. They cancelled as soon as was reasonable in the circumstances.

It follows that I'm not persuaded that Red Sands declined the claim fairly and reasonably. I find that having their claim unfairly declined would have caused Mr and Mrs C frustration and inconvenience for which compensation is merited. I find that £100 is fair in the circumstances.

### **My final decision**

My final decision is that I uphold this complaint about Red Sands Insurance Company (Europe) Limited. I require Red Sands to:

- Admit the claim subject to the policy terms and limits, taking 25 November 2024 as the first date the trip could have been cancelled.
- Add 8% simple interest from 10 January 2025 until settlement.
- Pay Mr and Mrs C £100 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 2 January 2026.

Lindsey Woloski  
**Ombudsman**