

## **The complaint**

Mrs A complains that Red Sands Insurance Company (Europe) Limited hasn't settled a claim in full under her travel insurance policy.

## **What happened**

Mrs A took out an annual multi-trip travel insurance policy on 19 August 2024 to cover her between 1 October 2024 and 30 September 2025. The policy was provided by Red Sands. Mrs A declared several medical conditions which Red Sands agreed to cover.

Whilst abroad, Mrs A unfortunately suffered an injury and needed medical treatment. She made a claim to Red Sands for these costs. It accepted the claim but only issued a proportionate settlement. Red Sands said this was because Mrs A hadn't declared all the medical conditions she had and had been taking prescribed medication for when she bought the policy. Mrs A said she had answered the questions she was asked honestly, so she didn't think Red Sands had acted fairly by only issuing a proportionate settlement.

One of our investigators reviewed the complaint. She focused on the medical condition which Red Sands had confirmed made a difference in premium – osteoporosis. She noted that Mrs A was only taking prescribed medication for this preventatively. And having considered the questions Mrs A was asked when she bought the policy, the investigator thought Mrs A took reasonable care when she answered those questions. So, the investigator didn't think Mrs A had made a misrepresentation.

The investigator said Red Sands should now settle Mrs A's claim in full, along with 8% interest if Mrs A had been out of pocket, and it should pay her £200 compensation for the distress and inconvenience caused in how it handled everything. Red Sands didn't agree. It said Mrs A was asked about prescribed medication, and this should have been declared even when taken preventatively. So, it maintained that Mrs A had made a qualifying misrepresentation.

As no agreement was reached, the complaint has 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.

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of this complaint.

The key considerations here are the principles set out in the Consumer Insurance (Disclosure and Representations) Act 2012 (“CIDRA”). This is designed to make sure that consumers and insurers get an appropriate remedy if a policyholder makes what is called a “qualifying misrepresentation” under the Act.

A misrepresentation is a “qualifying misrepresentation” when 1) a consumer fails to take reasonable care not to misrepresent facts which the insurer has asked about, and 2) the insurer shows that without the misrepresentation it would not have entered into the contract at all or would have done so only on different terms. If there is no qualifying misrepresentation, the insurer cannot take any action.

Firstly, Red Sands has shown that the only medical condition that would have made a difference was osteoporosis, as this would have resulted in a higher premium. As this is the only condition that meets the second requirement as above, I’ve only considered if Mrs A failed to take reasonable care when she didn’t declare this condition when she took out the policy. In other words, even if Mrs A didn’t take reasonable care when she didn’t declare the other conditions, Red Sands hasn’t shown that this would have made a difference. So, this means it hasn’t shown that any misrepresentation about these conditions would have been a qualifying misrepresentation.

When considering reasonable care, the standard of care required is that of a reasonable consumer. And one of the factors to be considered when deciding if a consumer has taken reasonable care is how clear and specific the questions asked by the insurer were.

Mrs A took out the policy over the phone. So, any information Red Sands has sent about the online sales journey is not relevant here. And having listened to the phone call Mrs A had when she took out the policy, she was never given a definition for or an explanation of what Red Sands considered to be a medical condition that needed to be declared. For completeness, I can see that this is provided in the online sales journey, but this wasn’t provided in the phone sales journey. Red Sands also hasn’t shown that this was part of the phone sales script.

Mrs A was first asked a series of questions, and she was told she only needed to give a yes or a no answer. These are the questions that Red Sands has said should’ve led to Mrs A declaring that she was taking prescribed medication preventatively for osteoporosis. But these were asked as standalone questions. There’s no explanation provided to Mrs A that anything that leads her to answer these questions as yes is considered a medical condition that needs to be declared.

With the above in mind, Mrs A was first asked the following question:

*“Have you taken any prescribed medication, had any symptoms for any illness, or received any medical treatment in the last 2 years?”*

Mrs A answered this correctly as yes. So, she didn’t make a misrepresentation here.

Mrs A was then asked other standalone questions, about attending a surgery, hospital or clinic, and if she was awaiting any treatment or investigations. After this, a condition where Mrs A was awaiting investigations was discussed. It was only after this that Mrs A was asked to declare her medical conditions. She was asked the following (or similar) a few times:

*“What other medical conditions do we have to declare for you?”*

Mrs A then declared her medical conditions. It's not in dispute that she hadn't been diagnosed with osteoporosis at the time of taking out the policy, she was only taking prescribed medication for it preventatively. So, I don't think Mrs A failed to take reasonable care when she didn't declare a condition she didn't have in response to the question she was asked.

As Red Sands has also noted, Mrs A was later asked to confirm that she didn't have any long-term illnesses that she *didn't* take medication for. But this wouldn't have caught the preventative medication she *was* taking.

Having considered everything, I think Mrs A took reasonable care when she answered the questions she was asked, and when she didn't declare osteoporosis. So, this means that she didn't make a misrepresentation, and Red Sands cannot take any action.

Red Sands has also referred to the policy terms and conditions which it says Mrs A should have read, as these confirm what it considers to be an existing medical condition. But it was for Red Sands to ask clear questions when Mrs A took out her policy. So, I don't think the policy terms and conditions that were sent to Mrs A after this make a difference here.

For completeness, I've also reviewed the medical declaration documents that Mrs A was sent afterwards, which provided a summary of what she had declared. This repeats the questions Mrs A was asked over the phone. The only additional relevant note says the following:

*"Please note: You must declare all existing medical conditions as well as any previous medical conditions you have had that fall within the medical declaration questions."*

There's again no definition for an existing medical condition. So, as the osteoporosis wasn't an existing medical condition Mrs A had, or had previously had, I don't think this should have reasonably prompted her to declare the osteoporosis following the receipt of this.

I think Red Sands caused Mrs A unnecessary distress and inconvenience when it didn't settle her claim fairly. I agree with the investigator that Red Sands should pay £200 to compensate her for this.

### **My final decision**

My final decision is that I uphold Mrs A's complaint and direct Red Sands Insurance Company (Europe) Limited to take the following action:

- pay the claim, without applying a proportionate settlement, in line with the remaining terms and conditions of the policy,
- if Mrs A paid the invoices herself, add 8% simple interest\* from a month after the claim was made (or when she paid the invoice, whichever is later) until settlement, and
- pay £200 for the distress and inconvenience caused\*\*.

\*If Red Sands considers that it's required by HM Revenue & Customs to take off income tax from the interest, it should tell Mrs A how much it's taken off. It should also give Mrs A a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

**\*\*Red Sands must pay the compensation within 28 days of the date on which we tell it Mrs A accept my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% simple per annum.**

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 15 January 2026.

Renja Anderson  
**Ombudsman**