

The complaint

Ms J complains about Red Sands Insurance Company (Europe) Limited's decline of her travel insurance claim and about its service.

My references to Red Sands include its agent.

What happened

Ms J had single trip travel insurance for her and her children. The insurer was Red Sands. She claimed for the cost of her children's flight tickets as they couldn't go on holiday with her.

Red Sands declined the claim saying the reason for the cancellation wasn't covered by the policy terms.

Ms J complained to Red Sands that it had taken too long to make its decision so she'd lost the opportunity to cancel and be part refunded for the children's flight tickets by the airline. Red Sands accepted it could have declined the claim sooner but it said the delay didn't cause Ms J's financial loss. The policy was clear she needed to tell the airline as soon as she was aware she needed to cancel the flight tickets and get a cancellation invoice.

Ms J complained to us. In summary she said:

- She'd called Red Sands about her situation and it told her to make a claim.
- Her circumstances were exceptional and should be covered by travel insurance.
- Red Sands' response to her claim letter said it would respond within 15 working days. It didn't do so despite her chasing for a response. If Red Sands had declined the claim within the timeframe she would have cancelled the flight tickets and got some money back from the airline. Due to Red Sands' delay she'd lost £2,000 and she was still paying credit card costs for the debt. Red Sands should pay those costs.

Our Investigator said Red Sands had reasonably declined the claim. He agreed Red Sands delayed in making its claim decision. But he said it was Ms J's responsibility to contact the airline to cancel the children's flight tickets independently of the travel insurance claim.

Ms J disagrees and wants an Ombudsman's decision. She said Red Sands' customer service representative wrongly told her to make a claim. It was a straightforward claim as it clearly wasn't insured by the policy and he should have told her to cancel the tickets with the airline. Red Sands should be accountable for its delay. The airline would have refunded her £1,600 (full price less administration charge) if she'd cancelled so Red Sands should at least pay her that amount. Red Sands caused her a lot of stress at an already very difficult time.

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 relevant regulator's rules say that insurers must handle claims promptly and fairly and they mustn't turn down claims unreasonably.

I've read the reasons why Ms J needed to cancel her children's flight tickets and about her ongoing difficult situation. I'm sorry it's been such a painful and stressful time for her. However, I think Red Sands reasonably declined the claim and I don't think it was responsible for her financial loss. I'll explain why.

The policy covers lost transport costs Ms J couldn't recover '*from any other source if you were forced to cancel your trip because the following unexpectedly happened before you left home and which you could not have been expected to foresee or avoid*'. The policy terms then set out nine insured reasons for cancellation, as Red Sands' letter of 9 July 2025 set out to Ms J. Those reasons don't include the reason Ms J needed to cancel the flight tickets. So Red Sands correctly declined the claim in line with the policy terms.

I also need to consider what's fair and reasonable in the circumstances of the complaint. It's for an insurer to decide what risks it wants to insure and it needs to clearly set out the insured risks in the policy, as Red Sands has done in this policy. Those risks don't include paying for flight cancellation in Ms J's sad circumstances and I can't reasonably say Red Sands has to cover the claim.

As to Red Sands' service, it should have responded sooner to Ms J's claim, as it accepts. She claimed at the end of May 2025 and a response within 15 working days would have been in mid-June. Ms J chased for a response but Red Sands didn't decline the claim until 9 July, after the date of outbound travel. Ms J says if Red Sands had told her it was going to decline the claim when it should have, in mid-June, she would have cancelled the children's flight tickets then and got some money back from the airline.

I don't think Red Sands' delay means it is responsible for Ms J's loss. The policy says under the cancellation section:

'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.'

Ms J was aware she needed to cancel the children's flight by May 2025 at the latest and it's not clear to me why she didn't do so at that time. She says Red Sands' customer service representative told her to make a claim, but that's not a guarantee the claim would be covered. Anyway it was still Ms J's responsibility to contact the airline to cancel the flight whether her claim was successful or not. I've seen no evidence to suggest Red Sands told Ms J she didn't need to cancel the tickets with the airline or that it would do so on her behalf and I think it highly unlikely Red Sands would have said so. There's no basis on which I can reasonably say Red Sands' delay caused her the financial loss from her not cancelling the flight tickets.

Ms J has been upset and distressed by Red Sands' service and its decision to decline the claim. But I only award compensation for distress and inconvenience when that's been caused by the unreasonable action of an insurer. I've explained above why I think Red Sands isn't responsible for Ms J's financial loss. Red Sands' claim response was outside its own timeframe but I don't consider the delay was so unreasonable as to merit a compensation payment. Ms J chased Red Sands for a response to her complaint after the claim decline. But under the regulator's rules Red Sands had eight weeks to respond to her complaint made on 15 July and its final response letter was within that timeframe. There's no

basis on which I can reasonably say Red Sands should pay compensation for Ms J's distress and inconvenience.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 24 February 2026.

Nicola Sisk
Ombudsman