

The complaint

Mr and Mrs D have complained about the way Red Sands Insurance Company (Europe) Limited dealt with the payment of medical bills.

All reference to Red Sands includes any agents acting on its behalf.

What happened

Mr and Mrs D had a travel insurance policy, underwritten by Red Sands.

They went on holiday to the United States ('US') when unfortunately, one of their children became unwell and required emergency medical treatment.

They made a claim which Red Sands accepted but they were unhappy about being chased by the medical providers for outstanding payments of medical bills and charges.

Mr D complained to Red Sands. It confirmed it had paid all the outstanding amounts but it accepted it could have communicated better. For this, it offered £100 compensation for the distress and inconvenience caused.

Unhappy, Mr D referred his complaint to the Financial Ombudsman Service.

Our investigator looked into the complaint but didn't think Red Sands needed to do anything more as it had settled the bills and couldn't be held responsible for the errors made by the medical providers or the agencies chasing Mr and Mrs D for payment.

Mr D disagreed and asked for an Ombudsman's decision.

And so the case has been passed to me for a final 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.

- Having done so, I don't think this complaint should be upheld as the £100 compensation offered by Red Sands is appropriate in all the circumstances of this case. I'll explain why.
- The relevant rules and industry guidelines say an insurer should handle claims promptly and fairly. And shouldn't unreasonably reject a claim.
- The background to this matter has been set out in quite some detail by the investigator. So I won't repeat the facts here again. Instead I will focus on what I consider to be key to my conclusions.
- Red Sands accepted the claim promptly and confirmed this to Mr and Mrs D shortly after receiving and reviewing the medical evidence it had asked for.

- As the treatment took place in the US, Red Sands entered into negotiations with the treatment providers, as outlined in their policy terms and conditions. The policy says: *“Some medical facilities may raise charges that are far in excess of what is customary or appropriate. We will deal with bills directly and you should not pay them yourself. You simply need to pass any correspondence about bills to our claims administrator to ensure we can provide full financial protection.”*
- The policy says: *“USA based medical facilities may raise charges that are far in excess of what is customary or appropriate and due to local practices, you may be contacted about bills by collection agencies.”*
- Mr D was in regular communication with Red Sands as he kept receiving demands for payment from the treatment providers. I appreciate this would have been frustrating for Mr D as he was having to wait for the agents to get in touch with their US counterparts due to the time difference.
- Red Sands was dealing with the invoices as and when they were coming in and negotiating costs. It can't be held responsible for the errors made by third parties or the chasers. In such circumstances, I would expect Red Sands to provide reassurances to Mr D and get in touch with the third parties and I have seen that it did do this.
- Red Sands has also provided screenshots of its systems to show that payment was made to the treating providers within a reasonable time and it also investigated why Mr D was being chased for an amount (specifically the largest bill) that Red Sands had negotiated. It transpired that this was an error made by the third party and not something Red Sands was responsible for.
- I appreciate Mr D will be disappointed with my decision and that he has been put to inconvenience and suffered frustration and stress. But I don't think Red Sands is responsible for the errors or the chasers Mr D received especially since it was actively in negotiation and communication with the treating providers.
- Red Sands did offer Mr D £100 compensation for not always responding to him as quickly as it could have done. I think that is reasonable in all the circumstances of this case as it did respond to him and updated him regularly for the most part, as and when it had an update to give. I note Mr D chased numerous times and overall, he was reassured and action was being taken. So I don't think Red Sands needs to do anything further.

My final decision

For the reasons set out above, I think the £100 compensation offered by Red Sands is an appropriate remedy and direct Red Sands Insurance Company (Europe) Limited to pay this to Mr and Mrs D if it hasn't already done so.

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

Shamaila Hussain
Ombudsman