

The complaint

Mr and Mrs L complain that Red Sands Insurance Company (Europe) Limited declined their travel insurance claim. My references to Red Sands include its agents.

As Mrs L has taken the lead on the claim and complaint I'll refer to Mrs L to include both complainants unless the facts require otherwise.

What happened

Mr and Mrs L had single trip travel insurance with optional cruise cover. The policy was insured by Red Sands. They booked to go on a cruise which included a port call at a place I'll refer to as S. About six weeks before the cruise began the cruise company told them the ship was no longer going to call at S. As Mr and Mrs L were going to meet friends and family in S they wanted to cancel the cruise.

Mrs L says she spoke to Red Sands who told her she could cancel the cruise and be covered as she had cancellation cover on her policy. She cancelled the cruise and claimed on the policy for the cancellation charge of about £2,600.

Red Sands declined the claim. It said the reason Mr and Mrs L cancelled the cruise wasn't covered by the 'Cancellation' section in the policy terms. Also the cover under the 'Itinerary Change' section of the cruise cover only started once the cruise started, and they hadn't gone on the cruise.

Mr and Mrs L complained to us that Red Sands' decision was unfair. Mrs L said she'd only cancelled the cruise because Red Sands said she would be covered. If Red Sands wasn't willing to pay all the lost cost it should at least pay for the cancelled port call at £200 per person and refund the cost of the policy because as they never went on the cruise they never used the policy.

Our Investigator considered Red Sands had fairly declined the cancellation claim, didn't need to pay for the change of itinerary and didn't need to refund the cost of the policy. Mr and Mrs L disagreed and wanted an Ombudsman's decision. Mrs L emphasised that she'd spoken to Red Sands before cancelling her cruise who said she was covered. She sent in a timeline of what happened and a letter from the cruise company confirming the change of itinerary.

What I provisionally decided – and why

I made a provisional decision explaining why I was intending to uphold the complaint. I said: '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.

The policy defines 'period of insurance' for a single trip policy as follows:

'A single trip policy commences when you leave home in the United Kingdom...to start your trip and ends when you have returned to your home in the United Kingdom...'

'The cancellation section for Single Trip insurance commences when the premium has been paid and ends when you depart the United Kingdom...on your outward journey.'

Cover under the 'Cancellation' section of the policy was in force before Mr and Mrs L departed on their trip, subject to the policy terms. But the cover only applies if cancellation is because of one of the insured reasons set out in the 'Cancellation' section of the policy. The reason Mr and Mrs L cancelled the trip - the cruise was no longer going to call at a port where they could meet family and friends - isn't an insured reason under the 'Cancellation' section. So Red Sands correctly said the cause of the claim wasn't covered by the policy terms and it correctly declined the claim in line with the policy wording.

But I've also considered what's fair and reasonable in all the circumstances of the complaint.

I've listened to the recordings of the four calls Red Sands sent us to consider if Mrs L was disadvantaged by the information it gave her. The third call was only administrative as Mrs L was having problems with the online claim form.

In the first, second and fourth call Mrs L told Red Sands why she wanted to cancel the cruise. In the second and fourth call, which she had after she'd spoken to the cruise company, she told Red Sands there would be a cancellation charge. She was clear that if the claim wasn't covered she and Mr L would have to go on the cruise. In the first call Mrs L asked for clarification that Red Sands' representative meant she could cancel the holiday due to a port of call change and make a claim and the representative confirmed she could claim. In the fourth call Red Sands' representative collected all the information and put the claim together for Mrs L as she couldn't do so online. Red Sands didn't tell Mrs L in any of the calls that her claim would need to be assessed. From what Red Sands said in the calls I'm satisfied that Mrs L could reasonably believe her claim was covered. I'm also satisfied that if Red Sands had told her the claim wasn't covered she and Mr L would have gone on the cruise and not incurred the cancellation charge.

The cancellation invoice is dated 25 July 2025, the day after the last of the calls, so I'm satisfied that Mrs L cancelled the cruise on the basis of her reasonably believing she would be covered for the cancellation.

In these circumstances I think it's fair and reasonable for Red Sands to pay the cancellation claim subject to the policy limit and excess. The cancellation limit is £3,000 per person, which covers the cancellation charge, and an excess of £75 per person applies. Red Sands should add interest as I've detailed below.

I've considered whether Red Sands should have made a benefit payment to Mr and Mrs L as the cruise company changed the itinerary by no longer calling at the port at S. The cruise cover says under the 'Itinerary change' section:

'We will pay up to the amount shown in the schedule of cover for: cancellation of a scheduled port visits due to adverse weather or timetable restrictions.'

But Red Sands didn't need to pay that amount (of £100 per person) because the single trip policy (apart from the cancellation cover) didn't start until after Mr and Mrs L had left home to

start the trip, and they didn't go on the trip. I also note the letter from the cruise company says the reason for the itinerary change was because the recent earthquake meant the port at S was running at reduced capacity. So the cancellation of the port call at S wasn't due to '*adverse weather or timetable restrictions*' so there was no cover under the policy terms for that itinerary change anyway.

Red Sands doesn't need to refund the policy premium to Mr and Mrs L. Regardless of whether or not I thought it was fair and reasonable for Red Sands to pay the claim the policy did provide cover for cancellation subject to the policy terms before they went on the cruise'.

Responses to my provisional decision

Mr and Mrs L accepted my provisional decision.

Red Sands didn't accept. It didn't agree with my conclusion that if the claim wasn't covered Mr and Mrs L would have gone on the cruise. In one of the calls Mrs L had said "If we don't claim, we will have to go, but (a person name?) opinion is we don't". Red Sands said Mrs L's comments showed they were reluctant to go on the cruise, which played a part in her 'hastily' cancelling the cruise before it had confirmed the claim would be paid. Red Sands also referred to comments Mrs L made in the second call which it said showed she knew the claim needed to be assessed and validated.

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've re-listened to the calls between Mrs L and Red Sands and Red Sands' response to my provisional decision hasn't changed my mind.

In the second call I think Mrs L's comments are made on her understanding that she will be covered for cancellation. She refers back to the first call with Red Sands when she says she was told she had "a right to cancel with you". Red Sands' representative in the second call responds "No problem, I can see you are covered for cancellation". When talking about making the claim Mrs L explains that the longer it goes on for the less the cruise company will refund and says "for you really, it doesn't make any difference to me", which shows she understood Red Sands would be covering the cancellation charge. Red Sands' representative doesn't say at any point in the call that cover for the claim will have to be assessed and confirmed. None of Red Sands' representatives over the four calls gave that important information to Mrs L. I remain satisfied that from what Red Sands said in the calls Mrs L could reasonably believe her claim was covered.

I'm also still satisfied that if Red Sands had told Mrs L the claim wasn't covered she and Mr L would have gone on the cruise and not incurred the cancellation charge. As Red Sands has pointed out, Mrs L told Red Sands in the second call "If we don't claim, we will have to go". She went on to say "but (indecipherable) opinion is we don't", but I don't think that's enough for Red Sands to show, even on a balance of probability, that Mr and Mrs L would have cancelled the cruise anyway.

I don't think Mrs L's cancellation of the cruise the day after she completed the claim form over the phone with Red Sands shows she did so in haste as she and Mr L were going to cancel anyway, as Red Sands suggest. I think the timing of Mrs L cancelling the cruise supports that she understood from her calls with Red Sands the claim would be covered.

Overall, for the reasons I've given in my provisional findings and these findings, in these circumstances I think it's fair and reasonable for Red Sands to pay the cancellation claim subject to the policy limit and excess. Red Sands should add interest as I've detailed below.

I explained in my provisional findings why Red Sands doesn't need to make a benefit payment to Mr and Mrs L even though the cruise company changed the itinerary by no longer calling at the port at S, which Mr and Mrs L now accept. I also explained in my provisional findings why Red Sands doesn't need to refund the policy premium to Mr and Mrs L, which they also now accept.

My final decision

I uphold this complaint and require Red Sands Insurance Company (Europe) Limited to pay the cancellation claim subject to the policy limit and excess, plus interest* at 8% a year simple from the date of claim to the date of settlement.

*If Red Sands Insurance Company (Europe) Limited considers that it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mr and Mrs L how much it's taken off. It should also give Mr and Mrs L a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs L to accept or reject my decision before 25 March 2026.

Nicola Sisk
Ombudsman