

The complaint

Ms D complains that Red Sands Insurance Company (Europe) Limited declined a claim she made on her bicycle insurance policy.

Reference to Red Sands includes its agents and representatives.

What happened

The circumstances of this complaint aren't in dispute, so I'll summarise the main points:

- Ms D held an insurance policy, underwritten by Red Sands, to cover her bicycle. After it was stolen, Ms D got in touch with Red Sands to make a claim.
- Red Sands investigated the claim and eventually declined it, relying on two main reasons for doing so. In summary:
 - A security condition relating to the way the bike was locked hadn't been met
 - There's an exclusion for any act of dishonesty
- Ms D complained about the claim outcome and the way it had been handled. Red Sands thought it had acted fairly in both respects.
- Our investigator didn't recommend the complaint be upheld. Ms D disagreed, so her complaint has been passed to me.

My provisional decision

I recently issued a provisional decision, in which I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

- When considering what's fair and reasonable in the circumstances I've taken into account relevant law and regulations, regulators' rules, guidance and standards, codes of practice and, where appropriate, what I consider to have been good industry practice at the time. Whilst I've read and taken into account everything said by both parties, I'll only comment on the points I think are relevant when reaching a fair outcome to this dispute. That's a reflection of the informal nature of this Service.
- There's no dispute the bicycle was stolen away from the home. The policy covers theft away from the home, subject to a number of terms and conditions. Red Sands has relied on two such terms to decline the claim, so that's what I'll focus on.

Security condition

- The first term Red Sands relied on says, in summary, that when the bicycle is unattended, it must be securely locked to an immovable object by an approved lock.

The policy defines 'unattended' to mean 'out of [Ms D's] direct line of sight or more than five metres away from [her]'.

- So the first question is whether the bicycle was unattended, according to the policy definition?
- Ms D has explained that she took her bicycle to her workplace and locked it behind her desk, secured to a fixed post. She says the bicycle was within five metres of her whilst she was working. During that time, her attention was naturally on her work, so she wasn't constantly looking directly at her bicycle to maintain direct line of sight at all times. One matter in particular demanded her urgent attention away from her desk, and it was at that time her bicycle was stolen.
- The lock Ms D used was wirelessly linked to her phone such that it would unlock if her phone was moved near to it. And her phone was on her desk. Ms D's bag was also stolen, and I understand she thinks that activity moved her phone, which caused her lock to release, so the bicycle could be stolen.
- Based on what Ms D has said, I think her bicycle was unattended, according to the policy definition. Whilst she may have been within five metres of her bicycle, it wasn't in her direct line of sight, as she was focused on her work and didn't see exactly what happened to her bicycle, bag or phone.
- I recognise Ms D had a duty to focus on her work and I'm not suggesting she should have abandoned that duty. But the point is simply this: the policy has specified a definition for unattended – and, in the particular circumstances, that means Ms D left her bicycle unattended. As a result, the security condition noted above applies.
- So, the next question is whether Ms D met the remainder of the condition. When unattended, her bicycle 'must be securely locked to an immovable object by an approved lock'. As this condition is part of a policy exclusion, the onus is on Red Sands to show Ms D likely didn't meet it.
- Red Sands has argued that Ms D may have failed to engage the lock initially. This seems to be a merely speculative argument, unsupported by evidence. I think it's unlikely she would simply have failed to engage the lock at all, given the value of the bicycle and how important it is to her. And her suggestion for how the theft occurred is supported by the lock manufacturer's comments about how the lock functionality works. So I consider her suggestion is the most likely – and that involved engaging the lock initially.
- Red Sands has also argued that whilst Ms D initially engaged the lock, she left her phone in a position where it could be moved and trigger the lock to unlock. So this meant she failed to engage the lock at the point of the theft. I recognise the lock must have been unlocked at the point of the theft in order for the theft to occur. But I don't think it would be fair and reasonable to say, in the particular circumstances of this case, that the unexpected chain of events which led to the lock disengaging should be construed as a failure by Ms D to lock her bicycle in line with the policy term.
- I take into account that Ms D reported the matter to her workplace and the Police. Whilst her workplace had CCTV covering the relevant area, her workplace wouldn't share it with Red Sands. There were good reasons for that, which Red Sands has accepted. The workplace security team said the CCTV had been checked, it showed

the theft, and it could be shared with the Police. I understand the Police later contacted the security team, who then said the CCTV didn't cover the theft.

- That means Red Sands didn't have the benefit of seeing the CCTV or having it described by the Police. Whilst I can understand why it's preferable for Red Sands if it had such information, I don't think that can fairly be held against Ms D. It's unclear if the CCTV actually showed the theft or not. Regardless, Ms D can't control the decisions taken by her workplace security team or the Police. She encouraged both of those parties to take steps to provide the information Red Sands sought. I don't think she could reasonably be expected to do more than that in the circumstances.
- Ms D put Red Sands in touch with a witness, who confirmed Ms D's version of events. Red Sands noted this came long after the claim and after it had initially reached out to the witness. However, I haven't seen evidence to show Red Sands made much of an effort to contact the witness. If the witness' statement was of such importance, I would have expected Red Sands to take greater steps to obtain the statement. And, again, Ms D can't control the witness. So, even if the witness had failed to respond to Red Sands, I don't think that can fairly be held against Ms D. Lastly, the witness has provided a statement, and it supports Ms D. Red Sands hasn't engaged with that or explained why that supports its own position.
- Taking all of this together, I'm not satisfied Red Sands has shown Ms D failed to meet the remainder of the condition. As a result, I'm not satisfied Red Sands can rely on the first term to decline the claim.

Dishonesty exclusion

- The second term Red Sands relied on says there's no cover for 'any act of dishonesty, fraud or deception by [Ms D]'. Red Sands said it found inconsistencies in Ms D's version of events and thought she had attempted to mislead it.
- Ms D has accepted she initially gave incorrect information about the type of lock she used. She explained this was because she generally used multiple bicycle locks. And she'd used a different bicycle to usual that day, which meant it wasn't her typical bicycle and lock pairing, so it wasn't immediately obvious which lock was stolen. And the lock was stolen, so it wasn't available to check. When Red Sands questioned Ms D on this point, she realised she'd made an error and corrected it.
- Whilst Ms D has accepted she made a mistake, that doesn't necessarily mean she acted dishonestly or attempted to mislead Red Sands. Based on what she's said, I'm satisfied it was a genuine mistake made in unusual and challenging circumstances, and one which she readily corrected. I also bear in mind that the specific lock hasn't, at any time, been the reason on which the claim decision turns. So I don't think there would have been a clear motivation for Ms D to mislead Red Sands about the lock.
- Taking all of this into account, I'm not satisfied Red Sands can rely on the second term to decline the claim. It simply hasn't shown that Ms D acted in such a way that the term might apply.

Summary

- As I haven't been persuaded by either of the reasons Red Sands has raised, I'm not satisfied it acted in line with the policy terms when it declined the claim. As a result, it

should now accept the claim, subject to the remaining terms and conditions of the policy. That will mean agreeing a settlement with Ms D.

- The policy says Red Sands may settle the claim by replacing the bicycle or paying the equivalent amount. Red Sands may choose to do the former, so it wouldn't be appropriate for me to award interest.
- But I think it's fair for Red Sands to recognise the impact on Ms D of not settling the claim sooner, and to pay compensation in line with that. The delay has meant she's been without a replacement – or the equivalent cost – for a prolonged period of time.
- Though Red Sands was entitled to investigate the claim, and some of the challenges faced were beyond its control – such as the CCTV – the claim process took longer and required more time and effort from Ms D than I'd usually expect.
- Taking all of this into account, I consider Red Sands should pay £250 compensation.

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.

- Ms D accepted my provisional decision and said she had nothing further to add.
- Red Sands didn't accept my provisional decision and provided detailed comments to explain why.
- Though I've thoroughly read and considered those comments, I think they're broadly a reiteration of Red Sands' earlier arguments. So they're all points I took into account before reaching my provisional decision. Whilst I've nonetheless thought about the arguments carefully, I haven't been persuaded to change my mind. And I don't think it's necessary or helpful for me to repeat the points I made in my provisional decision.
- So I'll simply confirm I've taken into account Red Sands' response, but I remain satisfied the position I reached and explained in my provisional decision is fair and reasonable for the reasons given.

My final decision

I uphold this complaint.

I require Red Sands Insurance Company (Europe) Limited to:

- Accept the claim, subject to the remaining terms and conditions of the policy.
- Pay £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 11 May 2026.

James Neville
Ombudsman