

The complaint

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

What happened

In December 2021 Mr and Mrs G took out a single trip travel insurance policy to cover their multi-destination trip through Europe from 8 to 20 September 2022 which included a 7 day cruise. The relevant sections of the policy were insured by Red Sands.

On 11 September 2022, a few days into the trip, Mr G began to feel very unwell. To board the cruise on 12 September he and Mrs G had to sign a no Covid-19 declaration so he did a lateral flow test (LFT) for Covid-19 and unfortunately tested positive. The positive test meant he and Mrs G were unable to board the cruise ship or continue the trip as planned. The tour provider told them they had to return to the UK.

On 11 September 2022 Mr and Mrs G contacted Red Sands to tell it about the situation. Red Sands said the policy wouldn't cover any additional expenses they incurred as a result of testing positive for Covid-19 as they hadn't taken out the 'Overseas Return Quarantine Endorsement' (ORQE) with the policy. The tour provider arranged for flights to return Mr and Mrs G to the UK on 12 September 2022 which Mr and Mrs G paid for.

On their return Mr and Mrs G made a curtailment claim for their unused and additional costs. Red Sands declined the claim saying that as it hadn't approved the return home it couldn't consider the claim. It also said Mr and Mrs G could have continued with their trip once Mr G had tested negative for Covid-19.

Mr and Mrs G complained to Red Sands. In response it asked for proof of a positive Covid-19 test. Mr G sent Red Sands a photograph of the LFTs he'd taken between 11 and 18 September 2022 and provided evidence of the tests being recorded on the NHS website on 14 September 2022. He said he'd been unable to record the test results on the website before 14 September as he didn't have access to a computer until that date.

Red Sands declined the claim again. It said it didn't accept photographs of LFTs as proof of Covid-19 and as Mr G couldn't provide proof of him testing positive before cutting short the trip on 12 September 2022 the claim wasn't covered.

Mr and Mrs G complained to us about Red Sands' handling and decline of their claim. They want Red Sands to pay their claim in full.

Our investigator said Red Sands had unfairly declined the claim. He recommended that Red Sands pay the claim in line with the remaining policy terms plus interest and pay Mr and Mrs G £100 compensation for their distress and inconvenience its poor handling of their claim caused.

Mr and Mrs G accepted our investigator's recommendation. Red Sands didn't respond to our investigator's recommendation despite him chasing it for a response several times so the complaint has been referred 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.

I'm satisfied that Red Sands has had fair opportunity to respond to our investigator's recommendation. It hasn't done so and I think it's reasonable for me to now make a decision on the complaint.

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

I think Red Sands' unreasonably declined the claim and handled the claim unfairly. I uphold the complaint. I'll explain why.

The trip was cut short due to Mr G testing positive for Covid-19. The curtailment section of Mr and Mrs G's policy says:

'We will pay:

Up to the amount shown in the schedule of cover for your proportional share of any unused pre-paid accommodation, car hire and excursions that are directly related to your trip, which you have paid and cannot get back from anyone else in the first instance, or which cannot be transferred or used for another purpose, as well as any additional travel expenses incurred to get you home.

If:

... you, anyone insured on this policy, or a travel companion, were diagnosed with an infectious disease during your trip (including contracting Covid-19)'

'Provided:

... you are able to provide evidence from a medical professional confirming the illness, infectious disease, injury or death'.

So Mr and Mrs G's policy covered any unused accommodation/excursions and additional travel expenses to return home if Mr and/or Mrs G were diagnosed with Covid-19, which is what happened to Mr G.

In order to consider the claim for these costs Red Sands asked Mr G to provide proof of testing positive for Covid-19, which I think is a reasonable request and in line with the above policy terms. Red Sands then said it wouldn't accept Mr G's photograph of his positive LFTs from 11 September as proof because it couldn't tell the date of the tests or who the tests belonged to. But in this case Mr and Mrs G first contacted Red Sands on 11 September before they returned to the UK to tell it about the situation, so I'm satisfied that Mr G had tested positive for Covid-19 on that date. He's provide evidence of the LFTs he'd taken and his explanation as to why he wasn't able to log the results on the NHS website until 14 September 2022 is understandable and reasonable in the circumstances.

The policy says Mr and Mrs G need to provide evidence from a medical professional confirming *'the illness (or) infectious disease'*. But I accept Mr and Mrs G's evidence as to why he didn't physically visit a doctor's surgery either abroad or when back in the UK. As people were told not to visit the GP if they had tested positive for Covid-19 I think Mr G's decision was reasonable.

In the all circumstances I think it's reasonable for Red Sands to accept the LFTs evidence that Mr G provided as sufficient evidence that he had tested positive for Covid-19 from 11 September 2022.

Red Sands also suggested Mr and Mrs G could have stayed abroad and continue the trip once he tested negative for Covid-19. I don't think Red Sands could reasonably reject the claim on that basis. Mr G's positive result meant he and Mrs G couldn't start the 7 days cruise the next day and by the time Mr G tested negative on 17 September the cruise was several hundred kilometres away in another country.

I don't think it's reasonable for Red Sands to have expected Mr and Mrs G to join the cruise at that stage. Red Sands have a letter from the tour provider saying that Mr and Mrs G's holiday came to an end in the city they were in when Mr G tested positive. And even if they could have theoretically joined the cruise after 17 September, the practical issues mean that I think it's unlikely that could have happened and even if they had joined there would have been additional travel costs which Red Sands may have had to pay. Anyway I'm satisfied that an insured event under the curtailment section of the policy happened.

Red Sands should pay the claim as I've detailed below.

Red Sands unfairly handled Mr and Mrs G's claim. It gave them conflicting information about why it was declining the claim. It told Mr and Mrs G there was no cover for their circumstances because they hadn't bought ORQE cover for the policy when their circumstances were an insured event under the policy they had.

It's clear from Mr G's correspondence with Red Sands that its unfair handling of the claim caused him and Mrs G considerable frustration. Red Sands has given no reason why it shouldn't pay compensation and I think our investigator's recommendation of £100 compensation is a reasonable amount to acknowledge the distress and inconvenience Red Sands' unfair handling of the claim caused.

Putting things right

Red Sands should pay the claim in line with the remaining policy terms plus interest as I've detailed below. It should also pay Mr and Mrs G £100 compensation for the distress and inconvenience its unfair service caused.

My final decision

I uphold this complaint and require Red Sands Insurance Company (Europe) Limited to:

- pay the claim in line with the remaining policy terms plus interest at 8% simple a year from the date of claim to the date of settlement, and
- pay Mr and Mrs G £100 compensation for the distress and inconvenience its unfair handling of the claim caused.

*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 G how much it's taken off. It should also give Mr and Mrs G 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 G and Mrs G to accept or reject my decision before 2 August 2023.

Nicola Sisk
Ombudsman