

The complaint

Mrs B and Miss B complain that Red Sands Insurance Company (Europe) Limited hasn't settled personal possessions claims they made on a travel insurance policy.

As Mrs B brought the complaint to us, for ease of reading, I've referred mainly to her.

What happened

Mrs B and Miss B travelled abroad on holiday. They were due to stay in one resort for the majority of their trip, followed by a few days at another hotel before they flew back to the UK. During the outbound flight, Mrs B's hair straighteners were damaged.

After Mrs B arrived at the second hotel, she said she noticed some of her clothing appeared to be missing, but that she assumed she'd find it after she got back to the UK. But, after she returned to the UK, she discovered that her clothing was lost. So Mrs B made claims on the policy for the costs of replacing her damaged straighteners and for the cost of replacing her lost clothing.

Red Sands concluded that Mrs B's claim for the hair straighteners was covered by the policy terms. But given the age of the straighteners, it applied a deduction of 65% from the purchase price for wear and tear. This meant the claim was less than the policy excess of £75 and so Red Sands said no settlement was due.

And Red Sands noted that Mrs B hadn't provided any evidence from the hotels she'd stayed in to show that she'd suffered and reported a loss of her items. So it didn't think she'd substantiated her claim. Therefore, it didn't think she'd shown she had a valid claim on the policy.

Mrs B was unhappy with Red Sands' decision and she asked us to look into her complaint. She said she'd been storing worn clothing in carrier bags in a unit in the bathroom at the hotel and that she thought the bags had either been stolen or accidentally thrown away by a cleaner. And she said she couldn't have reported the loss because she didn't discover it until she returned home. She also felt it was unfair for Red Sands to apply a wear and tear deduction for her straighteners, given she said they'd been in excellent condition before they were damaged.

Our investigator didn't think Red Sands had treated Mrs B unfairly. She was satisfied the policy terms made it clear that Red Sands would apply a deduction for wear and tear and that the deduction it had applied for the straighteners was in line with its guidance. And she didn't think it had been unreasonable for Red Sands to conclude that Mrs B hadn't substantiated her lost clothing claim.

Mrs B disagreed and so the complaint's been passed 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.

Having done so, whilst I'm very sorry to disappoint Mrs B and Miss B, I don't think Red Sands has treated them unfairly and I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. I've taken those rules into account, together with other relevant considerations, such as regulatory principles and guidance, the policy terms and the available evidence, to decide whether I think Red Sands treated Mrs B fairly.

Did Red Sands handle the straightener claim fairly?

I've first considered the policy terms and conditions, as these form the basis of the contract between Red Sands and Mrs B.

The 'Personal Possessions' section of the policy says that Red Sands will pay up to the amount shown on the schedule of cover for:

- *'The original purchase price of any possessions, **less an allowance for age, wear and tear**, to cover possessions that are stolen, permanently lost or destroyed while on your trip.'* (My emphasis added).

I think the policy terms make it clear that Red Sands doesn't provide new for old cover. Instead, it will deduct an amount it pays for an item to take into account its age and wear and tear.

In this case, Red Sands accepts that Mrs B's straighteners were destroyed while she was travelling abroad and that she has a valid claim on the policy. But the purchase receipt shows that Mrs B bought the straighteners in October 2018 – almost six years before they were damaged – for the price of £120. As the investigator explained, Red Sands has provided us with its internal guidelines which set out the deductions it will make depending on the age of an item. I appreciate Mrs B says the straighteners were in a good condition. But I think it's fair and reasonable for Red Sands to rely on its policy terms and internal guidance to make an age-related deduction for wear and tear.

I don't think Red Sands applied the right deduction for Mrs B's straighteners – I think it should have applied a deduction of 55% rather than 65%. But even if it did apply a higher deduction that it should, I don't think that makes an overall difference to the outcome of Mrs B's claim. That's because the settlement value would still be less than the policy excess of £75, which Red Sands is entitled to deduct from the first part of a claim.

And therefore, I don't think Red Sands needs to pay any settlement for Mrs B's straighteners.

Did Red Sands fairly turn down Mrs B's clothing claim?

It's a general principle of insurance that it's for a policyholder to show that they've suffered a loss which is caused by something their policy covers. That means it's Mrs B's responsibility to show that her clothing was permanently lost, stolen or destroyed while she was on her trip.

Red Sands has also set out some claim conditions which apply to the personal possessions section of the policy. In brief, the policy says that a policyholder must provide an independent written report from the police, carrier or tour operator, within 24 hours of a

policyholder noticing the loss. And the 'general exclusions' section of the policy says Red Sands won't cover any claim which isn't supported by the documentation required under the relevant section of the policy. In my experience, these aren't unusual terms in travel insurance policies.

In this case, it's common ground that there's no written police report or loss reports from either of the hotels Mrs B stayed in to confirm that she suffered the permanent loss or theft of her clothing. Mrs B has provided some receipts and an account of how she thinks the loss happened and I've borne that in mind. I've also considered Mrs B's testimony that while she thought some of her clothing might be missing when she got to the second hotel, she didn't really have an opportunity to check this until she got home. And so she considered she was unable to obtain any written reports of her loss.

But given Mrs B does appear to accept she noticed that some of her items might have been missing when she got to the second hotel, I do think she had a reasonable opportunity to look into this and check what, if anything, was missing. If she'd done so, she could have contacted the first hotel to check whether her clothing had been found and to make a loss report. And she'd also have been able to make a direct loss report to the hotel she was staying in.

And I also think it might have been reasonable for Mrs B to have contacted both hotels after her return to the UK to report the loss of her things and to check whether they'd been found. It also isn't clear why Mrs B didn't ask either hotel to send her a written loss report once she discovered the extent of the loss upon her return to the UK. I think it would have been reasonable for her to have contacted the hotels to report the loss and ask for a written report confirming she'd reported a loss and that her items hadn't been found.

In the absence of a report from the hotels Mrs B stayed in which confirm she suffered a theft of or permanent loss of her things; I don't think it was unfair for Red Sands to conclude that she hadn't shown she's suffered a loss which is covered by the policy terms. So I don't find Red Sands acted unfairly when it turned down Mrs B's claim.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B and Mrs B to accept or reject my decision before 1 April 2025.

Lisa Barham
Ombudsman