

The complaint

Mrs and Mr H complain about how Royal & Sun Alliance Insurance Limited (RSA) dealt with their claim following an incident where their caravan was damaged.

What happened

Mrs and Mr H had touring caravan insurance underwritten by RSA. While Mr H was moving the caravan in preparation for a trip, it slipped and rolled into a wall. Mrs and Mr H had a “new for old” policy. RSA arranged for the caravan to be inspected and decided it could be economically repaired. Mrs and Mr H were unhappy about this as they felt the caravan should be replaced with a new one due to the nature of the damage.

RSA arranged for the caravan to be taken to a repair company approved by the manufacturer. Because of the Covid-19 lockdown, there were delays in starting the repairs. There were also problems with getting hold of some parts. So it was about a year after the accident before Mrs and Mr H were able to go away in the caravan again. Mrs and Mr H say there were then further problems with the caravan and they were worried about whether it was safe for them to use. The caravan went back to the approved repair company. Some of the problems were accepted as related to the original accident and it was agreed they’d be repaired. But the repair company said some of the issues weren’t related to the accident, so RSA wouldn’t pay for them.

Mrs and Mr H paid to have the caravan serviced because they were concerned that there might be further problems they hadn’t noticed. RSA wasn’t prepared to pay for this as it said only areas that had been repaired and those likely to have been affected by the accident would be checked by the repair company, and a service was due anyway.

Mrs and Mr H weren’t happy with how RSA were dealing with things and so they complained to this service. Our investigator upheld their complaint in respect of the delays and the distress and inconvenience caused. He suggested RSA should pay Mrs and Mr H £500 in respect of this. RSA agreed.

However Mrs and Mr H weren’t happy with the investigator’s response and so their complaint has been passed to me. Mrs and Mr H say they’ve accepted that RSA won’t pay for a new caravan. But they’re unhappy that RSA let them go away in a caravan which they say hadn’t had a full inspection. They want RSA to pay for the other repairs which it says aren’t related to the accident. Mrs and Mr H also say that the information provided by RSA about new for old insurance was unclear. And they say their time and diesel is worth more than £500. They’ve also asked if they can be compensated for the loss of their holidays.

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 upholding Mrs and Mr H’s complaint as far as it concerns the delays. I’ll explain why.

Mrs and Mr H had new for old insurance. Mrs and Mr H's insurance policy defines new for old as:

"The cost of replacing your caravan, equipment and personal possessions with a brand new equivalent in the event of a total loss claim."

It also says:

"Market value..."

- *If your caravan [is] damaged and the cost of repair exceeds the market value...we will pay the market value (unless the new for old clause is operative)...*

New for old

...If your caravan is damaged and the cost of repair exceeds the cost of replacement with a new one of the same make and model...we will pay for a replacement with a new one of the same make and model..."

The estimated cost of the repairs was around half of the sum Mrs and Mr H had the caravan insured for. So I think it was fair and reasonable and in line with the terms of Mrs and Mr H's policy for RSA to decide to repair the caravan and not replace it with a new one. I also think that, looking at all the information RSA provided, the terms and conditions of the new for old policy were clear.

I think it was fair and reasonable for RSA to rely on the manufacturer approved repair company to say what work was needed as a result of the accident and what wasn't related to the accident. I also think it was fair and reasonable for RSA to rely on the repair company to check that the repairs had been carried out properly and the caravan was safe. So I don't think RSA should have to pay for the caravan to be serviced or for the other repairs. If Mrs and Mr H have any independent expert evidence that there are any issues remaining that were caused by the accident, they can give this to RSA to consider.

Mrs and Mr H have had to make multiple phone calls to RSA and the repair company to try to progress the repairs, and have had to make a number of trips to the repair company. There have been times when RSA haven't been proactive in pushing things forward and keeping Mrs and Mr H informed. Many of the delays have been caused by Covid-19 and by difficulty obtaining parts, which is outside RSA's control. However as of February 2022, over 18 months since the accident, the caravan still hadn't been repaired to Mrs and Mr H's satisfaction. They've missed a number of holidays, but they didn't have insurance to cover the loss of their holidays while the caravan was in for repair, and this service wouldn't usually expect an insurer to compensate a consumer for this. RSA has already agreed to pay Mrs and Mr H £500 in recognition of their distress and inconvenience, which is in line with other awards suggested by this service in similar circumstances. So I think this is fair and reasonable in all the circumstances.

My final decision

For all the reasons above I'm upholding Mrs and Mr H's complaint in respect of the delays and inconvenience in dealing with their claim. I require Royal and Sun Alliance Insurance Limited to pay Mrs and Mr H £500 in recognition of the distress and inconvenience this caused them.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs and Mr H to accept or reject my decision before 20 April 2022.

Sarah Baalham
Ombudsman