

The complaint

Mr C complains about the settlement figure paid to him when his caravan was damaged.

What happened

Mr C had caravan insurance arranged by Caravanwise Limited (Caravanwise). Caravanwise is an insurance broker not an insurer so it arranged the policy but the policy was underwritten by an insurance company that I will call Company A. Mr C has also complained to this service about Company A, but this decision is only about his complaint about Caravanwise.

Mr C's caravan was badly damaged and Company A decided that it couldn't be economically repaired. Mr C wanted to keep the caravan and Company A paid him the "sum insured" under the policy, which was £6000, less an amount for salvage.

Under normal circumstances when a business settles a total loss claim like this, it will take possession of the caravan in its damaged state. If the consumer wishes to keep the caravan, the insurer will deduct an amount for "salvage" from the settlement figure. This is because even a damaged caravan has some value, for example for parts or scrap.

Mr C wasn't happy about this as he said this wouldn't be enough to replace the caravan. He complained to Caravanwise. Caravanwise said it wasn't in a position to advise him about the sum insured as it had no way of valuing his caravan. Caravanwise said at the time of quotation it asked him how much he wanted to insure the caravan for and he said £6000.

Mr C wasn't happy with Caravanwise's response and so he complained to this service. Our investigator didn't uphold his complaint, saying Caravanwise, as a broker, wasn't authorised to give advice and didn't do so. The investigator said Caravanwise did have a responsibility to provide clear and fair information that wasn't misleading, but it was Mr C's responsibility to ensure he had the cover he required.

Mr C wasn't happy with the investigator's response and so his complaint has been passed to me. Mr C says he was mis-sold the policy and wants to be paid the market value of his caravan, which he says is higher than the sum insured.

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 don't uphold Mr C's complaint. I'll explain why.

Mr C contacted Caravanwise to get a quote for his caravan insurance. He told Caravanwise he wanted to insure the caravan for £6000, which became the "sum insured" under the policy. Caravanwise has told us it doesn't record telephone calls so there isn't a record of this conversation, but I can see from the policy documents that the sum insured was £6000.

Caravanwise sent Mr C his policy documents. The covering email said:

“Please find your Insurance schedule, statement of fact and policy documents attached, which we would ask you to check to ensure that they are correct and meet with your requirements, this is particularly important as we have not provided any advice or recommendation...Please note that we have not provided any advice or recommendation.”

Caravanwise told us:

“We are not authorised to give advice and do not do so...Since we are not authorised to give advice we do not, and in fact are not in a position to, comment on the sum insured that the client has stated.”

The Statement of Fact for the policy said the “sum insured” for a “market value” policy such as this:

“should be the cost of replacing the caravan similar model and age.”

The policy booklet said:

“it is your responsibility to make sure the amounts you are insured for represent the full value of your property”.

And:

“The most your insurer will pay is the market value of your Caravan or trailer up to the caravan sum insured shown on your schedule.”

The documents explain how a claim would be settled if the sum insured was less than the market value.

Caravanwise is not authorised to give advice or recommend insurance policies. Caravanwise took the information Mr C gave it and used it to find an insurance policy for him. But it was Mr C’s responsibility to read the insurance documents and make sure that the policy met his needs. Caravanwise wasn’t responsible for deciding the sum insured on the policy, this was Mr C’s decision. Nor was Caravanwise responsible for deciding how to settle the claim. This was done by Company A.

I think that Caravanwise gave Mr C clear information in the policy documents, told him it couldn’t give advice or recommendations and told him he needed to check the policy documents to ensure the policy met his needs. I think this was fair and reasonable.

So on balance I can’t say the policy was mis-sold or that Caravanwise did anything wrong.

My final decision

For the reasons given above I don’t uphold Mr C’s complaint. So I won’t be asking Caravanwise Limited to do anything.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr C to accept or reject my decision before 11 August 2022.

Sarah Baalham
Ombudsman