

The complaint

Mr M complains Red Sands Insurance Company (Europe) Limited unfairly declined a claim against his motor smart cover insurance policy.

What happened

The background to the complaint is known to all parties, so I won't repeat it here in detail. In my decision I'll mainly focus on giving the reasons for reaching the outcome I have.

In summary, Mr M's car suffered some damage to the rear passenger door in 2021, so he raised a claim. Red Sands sent an engineer to assess the damage, who said the door was badly damaged and couldn't be repaired by a minor cosmetic repair method, so Red Sands declined the claim. During this visit, Mr M says the engineer told him Red Sands would contribute £200 towards repairs done at a body shop under the policy.

Later, Mr M had repairs carried out by his car manufacturer. He says they used a chip and scratch smart repair method that Red Sands should have carried out under the policy. He also says Red Sands failed to pay him the £200 contribution payment the engineer said they would. So, he complained.

Red Sands responded to the complaint in February 2022 maintaining their position on the claim. They queried whether the engineer had advised there would be a £200 contribution payment, and the engineer says this wasn't the case. As Mr M remained unhappy, he approached our service.

Our investigator recommended the complaint be upheld. He thought Red Sands should reimburse the costs Mr M incurred in having the manufacturer carry out a smart repair and pay him £50 compensation for any distress and inconvenience caused. Red Sands didn't agree, and the case was 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.

Red Sands declined the claim as the policy covers minor damage that can be repaired using minor cosmetic damage repair techniques. And their engineer that attended to inspect the damage said this couldn't be achieved given the level of damage present.

The policy defines a minor cosmetic damage repair as a *'mobile repair technique which involves restoring eligible areas as near to the original condition as is possible...'*. The policy also defines minor damage as, *'any **Chip** (for a **Chip** this is 5mm in diameter and 3mm in depth), **Minor Dent**, **Scratched Area** and/or **Minor Scuff** where the total damaged area is no larger than 30cm in diameter and 3mm in depth...'*.

Our investigator contacted the manufacturer that carried out the repairs to query the type of repairs undertaken. I've listened to this call. The agent from the manufacturer says the

repairs were completed without needing to take it to a body shop or remove panels – as Red Sands' own engineer suggested. They were able to complete repairs by removing the dent, filling parts of the door, and painting it. They referred to this a smart repair.

This suggests to me the manufacturer most likely completed a minor cosmetic damage repair, rather than needing to remove parts or request Mr M takes his car to a body shop. I've also seen photos of the damage which don't suggest – in my view – it failed to meet the minor damage definition under the policy. And I haven't seen strong supporting evidence that demonstrates this was the case in any event.

Therefore, I'm satisfied Mr M's car suffered minor damage that was later repaired by the manufacturer using a minor cosmetic repair technique – which the policy responds to. So, I'll be directing Red Sands to reimburse the £333.50 Mr M paid for repairs (less any excess), as this falls within the limit per claim set out within the policy schedule.

As I'm directing Red Sands to reimburse the full costs Mr M incurred, I don't need to go on to consider what was said between Mr M and the engineer regarding the £200 contribution.

I've also thought about the way things were handled. Red Sands declined the claim based on their engineer's report. Mr M was then left to arrange his own repairs and has been out of pocket since the repairs were completed in early 2022. I'm in agreement with our investigator that £50 compensation is fair, reasonable, and proportionate in this case to recognise any frustration and inconvenience caused – as well as Mr M being left out of pocket. So, I'll also be directing Red Sands to pay Mr M £50 compensation.

Putting things right

Red Sands must now reimburse Mr M the costs he incurred when having a chip and scratch smart repair carried out by the manufacturer, and £50 compensation for any distress and inconvenience caused.

My final decision

For the reasons I've given above, I uphold it. I now require Red Sands Insurance Company (Europe) Limited to pay Mr M £333.50 to settle the claim (less any excess applicable), and an additional £50 for any distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 August 2022.

Liam Hickey
Ombudsman