

## The complaint

Mr L complains that Red Sands Insurance Company (Europe) Limited declined a claim he made on his motor warranty.

Reference to Red Sands includes its agents.

## What happened

Mr L's car suffered a breakdown, so he made a claim on his motor warranty held with Red Sands.

Red Sands declined his claim. Initially it said the part that failed (the clutch) wasn't covered. But it later acknowledged the clutch was covered, but not if it was burnt out. And it said the details it got from the repairer said the clutch had burnt out – so it didn't think the claim was covered.

Mr L wasn't happy with this and brought his complaint to us. An investigator didn't think Red Sands had acted unfairly, so they didn't recommend Mr L's complaint be upheld.

But Mr L didn't agree and asked for an ombudsman's decision. So, the case has come to me to decide.

I issued a provisional decision which said I was thinking of upholding Mr L's complaint. The reasoning was as follows:

- *The terms of Mr L's policy clearly say Mr L is covered for failure caused by wear and tear, with the exception of "...burnt or worn out clutch parts..."*
- *The repair note from the repairer clearly states "...clutch inop burnt out". But there's no more detail than this.*
- *The repair note lists a number of items, including the clutch plate, flywheel and cylinder. It's not evident which part(s) is(are) burnt out.*
- *The above point is important, because the policy covers Mr L for the clutch, but doesn't cover him for burnt out parts. All the parts claimed for are clutch parts but it's not clear what exactly is burnt out, so I'm not persuaded declining the entire claim is reasonable based on this description alone.*
- *Mr L has provided a letter from his repairer saying that a burnt clutch plate would not cause the clutch cylinder to fail, but a failed cylinder would cause a clutch to burn out. Red Sands has been asked to comment on this but have not done so.*
- *This point too is important. Because if a failed part caused the clutch plate to burn out, then I think it would be reasonable to pay the claim. Alternatively, if the clutch burning out caused the other parts to fail, then declining the claim would be fair. It's Red Sands' responsibility to evidence why it need not pay a claim. And I'm not satisfied it's done this.*

I said I'd consider further evidence sent before 2 September 2022, but that I was thinking of requiring Red Sands to pay Mr L's clutch claim, minus the policy excess. I said I was also

thinking of requiring Red Sands to pay 8% simple interest on the payment, from the date Mr L paid the invoice, to the date Red Sands pays him.

Mr L agreed with my provisional decision.

Red Sands responded. In summary, it said it should have done further investigation to find out what had burnt out. It said had it done so, it would have been better placed to fairly assess the claim and make a finding on which part of the clutch failed. It said it agreed that a failed cylinder could cause a burnt clutch plate, but that a burnt clutch was unlikely to cause a failed cylinder.

### **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.

As Mr L and Red Sands broadly agreed with the reasoning set out in my provisional decision, I see no reason to depart from it.

### **My final decision**

For the reasons set out above, I uphold this complaint. To put things right I require Red Sands Insurance Company (Europe) Limited to:

- Pay Mr L's clutch claim minus any policy excess. Payment should include 8% simple interest to be calculated from the date Mr L paid the invoice to the date Red Sands pay him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 10 October 2022.

Joe Thornley  
**Ombudsman**