

The complaint

Mr R says that Red Sands Insurance Company (Europe) Limited (Red Sands) incorrectly declined a claim he made on his smart repair insurance policy.

What happened

Mr R has a smart repair insurance policy and he made a claim for two areas of damage to the right-hand front (RHF) bumper on his car.

Red Sands declined this claim. It said the only damage visible was in an area where lacquer was peeling off the bumper. It said this was not smart repairable and was the result of previous poor repair, which wasn't covered by the policy.

Mr R doesn't agree. He says the repairer who inspected the car said there was one area of what looked like old damage, but there was also a second area with a scuff mark that the technician said was repairable.

Mr R brought a complaint to this service. An investigator reviewed the evidence provided and said it suggested that one area could be repaired. So, the investigator suggested Red Sands pay for this area of repair only and recommended that Red Sands pay £50 to Mr R for the inconvenience caused.

Red Sands doesn't agree. It says the technician's report indicates there is no actual smart repairable damage on the bumper and that all visible damage is from a previous poor repair. Red Sands has asked for an ombudsman's decision.

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, I'm upholding this complaint in part. I'll explain why.

- I'm satisfied from looking at the policy terms and conditions that the policy doesn't cover pre-existing damage or damage that requires a body shop repair.
- I think the damage noted as peeling lacquer more likely than not falls into either of these categories so I wouldn't expect Red Sands to cover it.
- I note the responses from Red Sands indicate that its interpretation of the technician's report is that there was no other damage outside of the peeling lacquer.
- But I haven't been provided with a copy of that report. So, I don't know exactly what the smart repair technician said, if anything, about the second area of damage.
- However, I can see that it's quite clear from the photographs provided that there is a second area towards the centre of the bumper from the headlight that is scuffed. This area of damage was included in the original claim submission and is highlighted via a post-it note and arrow in the photographs.
- I appreciate Red Sands have replied to our investigator's view stating that the images show areas of peeling lacquer only, and no scuff marks. It has attached the same

images again to its response. But from what I can see, there is a clear scuff mark in the images provided.

- I think there is a partial valid claim here and Red Sands need to settle it.
- Mr R has told us that the car has now been sold and it's unclear whether any repairs were ever carried out on the bumper.
- I agree with the fair and reasonable resolution set out by our investigator in the view dated 25 November 2022. Red Sands now needs to pay to Mr R the amount it would've cost it to repair the scuff and pay Mr R £50 for the inconvenience caused for not paying the claim.

My final decision

My final decision is that I uphold this complaint in part. I require Red Sands Insurance Company (Europe) Limited to:

- Pay Mr R a cash-in-lieu settlement up to the amount it would've cost it to repair the scuff mark visible in the photo.
- Pay £50 in compensation for the inconvenience Mr R has suffered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 10 March 2023.

Derek Dunne
Ombudsman