

The complaint

Mr B complains that Red Sands Insurance Company (Europe) Limited unfairly declined a claim he made on his mechanical breakdown insurance policy.

Reference to Red Sands includes its agents.

What happened

Mr B held a mechanical breakdown insurance policy with Red Sands. When his car developed a fault with the exhaust gas recirculation (EGR) valve, he made a claim to Red Sands.

Red Sands declined Mr B's claim. It said his policy didn't cover him for EGR valves.

Mr B wasn't happy with this and complained. He said his policy provided cover for exhaust valves.

Red Sands didn't change its stance, so, Mr B brought his complaint to us.

One of our investigators recommended it be upheld. He thought the policy provided cover for exhaust valves. He thought the EGR valve could reasonably be considered an exhaust valve, so thought Red Sands should pay the claim.

Red Sands disagreed and asked for an ombudsman's decision. It maintained that an exhaust valve is a separate and distinct part in its own right. It said Mr B was covered for exhaust valves but didn't consider the EGR valve to be one.

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 it, I'll explain why.

- There's no dispute around the cause of the failure meeting the definition of a mechanical breakdown. The dispute centres around whether or not the part that failed is covered by the policy.
- Mr B's policy is a listed parts policy. This means only the parts listed are covered.
- The policy says that Mr B is covered for "...exhaust valves..."
- I accept Red Sands' position that an exhaust valve is a part in itself and that it is distinct and separate to the EGR valve.
- But I'm not satisfied the policy makes that distinction clear enough. The function of the EGR valve is to control the flow of exhaust gas being recirculated to the engine.

So while it may not be *the* exhaust valve, it is *an* exhaust valve. So, under the terms as written, I think the EGR valve can be reasonably considered to be covered by the policy.

- Therefore, I think Red Sands should pay Mr B's claim.

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:

- Reimburse Mr B the cost of the repair to his EGR valve. 8% interest should be added to this payment. Interest should be calculated from the date Mr B paid for the work to be carried out, to the date Red Sands pays him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 22 June 2023.

Joe Thornley
Ombudsman