

The complaint

Mr M complains Amtrust Europe Limited unfairly declined his alloy wheel insurance claim.

What happened

In late September 2023 Mr M made a claim against his Amtrust alloy wheel insurance repair policy. He wanted scuffs to three alloy wheels repaired. Amtrust declined the claim on the basis there was corrosion on the wheels. Mr M complained but it didn't change its position. It said his policy covers 'damage' to the alloy wheels. It explained corrosion isn't 'damage' – instead it is the result of metal exposure to air and water.

Mr M wasn't satisfied so came to the Financial Ombudsman Service. He feels Amtrust is misapplying the terms of his policy. To resolve his complaint he would like it to accept his claim and repair the wheels in line with the policy terms.

Amtrust explained it had declined the claim as Mr M had failed to make it within 30 days of the damage happening – as required by the policy terms. It said this had resulted in the development of corrosion.

Our Investigator upheld the complaint. She acknowledged photos did show small amounts of corrosion. However, she felt the main blemishes to be scuff marks. So she didn't feel it was reasonable for Amtrust to rely on the corrosion exclusion to decline the claim. She recommended Amtrust accept the claim in line with the remaining terms and conditions.

Mr M accepted that outcome. Amtrust didn't. It said the corrosion wouldn't have happened if he had reported the 'damage' promptly. It explained the corrosion meant a cosmetic repair now wasn't possible. Instead a specialist would be required to skim the alloy. The Investigator didn't change her position. She said if the alloys need to be replaced then Amtrust should do so. As the complaint wasn't resolved it was passed to me to decide.

I issued a provisional decision. As its reasoning forms part of this final decision I've copied it in below. In it I explain why I intended to decide it was fair and reasonable for Amtrust to decline the claim. I invited Mr M and Amtrust to provide any further comments or evidence for me to consider before issuing this final decision.

what I've provisionally 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 this is an informal service I'm not going to respond here to every point or piece of evidence Mr M and Amtrust have provided. Instead I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted.

Mr M's policy covers the cost of repairs resulting from 'damage' to the alloy wheels. Discussion and consideration of this claim is muddled slightly by the term 'damage'.

Amtrust uses the word to reflect its narrow definition given in the policy terms – rather than the wider everyday understanding of the word. As this decision is discussing Mr M's claim 'damage' will be used to reflect the policy's definition.

The policy defines 'damage' as a sudden and unforeseen event that has resulted in accidental or malicious damage to the wheels.

Amtrust accepts there is some 'damage' to the alloys – so some scuffs. But it feels Mr M didn't meet a policy requirement to claim within 30 days of the 'damage' occurring. In contrast Mr M, when claiming, said the 'damage' had occurred around 18 days earlier.

Amtrust feels corrosion, shown in photos provided by Mr M, in the areas of 'damage' is consistent with it having happened more than 30 days ago. It feels the 'damage' has been left for a considerable length of time, allowing the corrosion and pitting to develop over time. Essentially Amtrust's position is that Mr M's failure to meet the policy requirement has made it harder and more expensive for it to repair the wheels.

Mr M says the policy covers corrosion caused by physical damage such as scuffing. I note the relevant exclusion doesn't apply to corrosion or pitting caused by 'damage'. However, Amtrust's point is that the corrosion has been caused by a failure to address the 'damage' promptly – ie by him not making the claim within 30 days of it happening. So it feels the corrosion in this claim wasn't caused by 'damage' as defined by the policy – ie it wasn't caused by a sudden and unforeseen event.

The key decision for me to make is around the 30 days claim requirement. I need to decide if Amtrust has done enough to show Mr M most likely failed to report the damage within 30 days of it occurring. If it has I then need to consider if Mr M's failure prejudiced Amtrust's position in some way.

I've considered Mr M's reported dates of the damage, alongside his photos and comments. I've done the same for Amtrust's comments and explanations. Having done so, it's argument that the damage likely happened more than 30 days before the claim was made seems reasonable. The extent of corrosion and pitting, shown in the photos, supports Amtrust's position that the 'damage' likely occurred more than 30 days before the claim – particularly considering the likely weather conditions around the time of the claim.

Mr M says he isn't claiming for the corrosion, instead just scuffing that's separate to it. Having studied the various photos there appears to be few blemishes that aren't either corrosion or in close proximity to some corrosion. So I'm satisfied it would be difficult to separate out the scuffs from any corrosion when undertaking repair.

Amtrust's explained that the corrosion means a cosmetic repair isn't possible. It says corrosion would return. Instead a repair would require a lathe skim. As a result I'm currently satisfied Mr M likely failed to meet the 30-day claim term – and that has made the original damage harder and more expensive to repair. So for those reasons I currently intend to decide it was fair and reasonable for Amtrust to decline the claim.

The policy does provide for a contribution, to the claimant, when a lathe skim can be made or where no repair at all is possible. Amtrust's said a contribution isn't applicable when a policy exclusion applies. Having considered the circumstances and the policy term I can't say that's unfair. So I don't intend to require it to make such a contribution.

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.

Neither Mr M nor Amtrust provided any comments or evidence in response to my provisional decision. That means I haven't been provided with a reason to change my position on the complaint. So my decision is that it was fair and reasonable for Amtrust to decline the claim. I'm not going to require it to settle or do anything differently.

My final decision

For the reasons given above, I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 April 2024.

Daniel Martin
Ombudsman