

## The complaint

Mr C complains that Alan Blunden & Co Ltd trading as Cover4Caravans (“Cover4Caravans”) didn’t tell him adequately about a change in cover at renewal of his caravan insurance policy, which meant it paid him less than he expected when he made a claim.

## What happened

Mr C had a caravan insurance policy arranged through Cover4Caravans which is a broker.

He bought his caravan new in 2018 and insured it through Cover4Caravans. The cover he says he asked for was ‘New for Old’ cover. Each year, his policy renewed.

When it renewed in June 2023, the cover under his policy changed from New for Old to a policy of indemnity – what that means is that the cover become one which would pay him an amount equal to the current value of the caravan rather than its new price.

The caravan was seriously damaged in December 2023, when it was about five years and six months old, and it was written off by the insurer. The insurer paid Mr C about £21,800 for the total loss, when a new model would have been over £27,000.

Mr C wasn’t happy and he complained. He said Cover4Caravans hadn’t told him his cover had changed as his caravan was over five years old. Cover4Caravans told him the cover was shown in the policy wording.

Mr C remained unhappy and brought his complaint to this service. Our investigator looked into it and thought it wouldn’t be upheld. They said they thought the cover under the policy was clear.

Mr C didn’t accept the view. He asked that his complaint was reviewed by an ombudsman, so it’s been passed to me to make a decision.

I issued a provisional decision intending to uphold Mr C’s complaint:

*When it sold the policy to Mr C Cover4Caravans had a responsibility to ensure he was given appropriate information about the policy so he could make an informed decision about whether to buy it. And any information provided should be clear, fair and not misleading.*

*Mr C bought his caravan from new, and had kept his cover with Cover4Caravans from that time. He says he asked for new for old cover when he bought the policy.*

*I’ve been provided with the renewal documents for each year.*

*I can see from the file that the cover Cover4Caravans bought by Mr C at renewal in 2023 was different from the previous years because the cover changes when a caravan reaches five years old:*

*“Settling Claims*

## *1. The Caravan*

*We will either pay the cost of repairing the Caravan, or, if the Caravan is lost or damaged beyond economical repair, We may settle the claim as follows:*

### *a. New For Old Cover*

*If You suffer a total loss and the Caravan is five years old or less (taken from the date of manufacture), We may replace the Caravan with a new caravan of the same make and model. Your chosen sum insured (as shown in the Schedule) must cover the cost of a new caravan of the same make and model. You must be able to provide proof of purchase.*

### *b. Market value*

*If, a. New For Old Cover, does not apply, We may pay the current market value of the Caravan at the time of the loss or damage..."*

*On the renewal invitations (including 2023) is a statement saying:*

*"If your caravan is within 5 years of age you must ensure that the sums insured cover the cost of a new caravan of the same make and model in order for the New for Old Cover to be operative."*

*I've read the renewal information and I can't see any other mention of five years being a key change in the policy cover, whether on the renewal letter itself or in the accompanying documents which includes the Insurance Product Information Document ("IPID").*

*Cover4Caravans said in its final response that the renewal letter told Mr C about what he needed to do with his sum insured if his caravan was less than five years old. But I can't fairly say that's the same as telling him his cover had changed. In other words, there's no consideration of what he needs to think about given his caravan was now over five years old.*

*I can see in 2019 and 2020 Mr C was sent a 'renewal confirmation' letter after renewal saying:*

*"Caravans under 5 years old and purchased as new are replaced as new when damaged beyond economic repair regardless of the number of owners, the sum insured should reflect the current replacement of the caravan."*

*After his 2022 and 23 renewal, Mr C seems to have simply been sent an email telling him his policy had renewed and to "read the documents carefully". There doesn't seem to be any explicit mention of the five year change, and of course his caravan passed through that age around renewal in 2023.*

*He'd taken out the policy on one basis of cover, then that cover changed at or around renewal of his policy in 2023. I appreciate Cover4Caravans has said Mr C should have found the cover in the policy wording, but the purpose of an IPID and clear renewal terms being offered is to show customers clear information about cover and restrictions, and bring changes in cover to their attention.*

*The purpose of the IPID is to provide a summary of the main cover provided by the policy. The Insurance Conduct of Business Sourcebook (ICOBS) sets out at section 6, annex 3, the information which needs to be contained in the IPID:*

*"ICOB 6 Annex 3 Providing product information by way of a standardised insurance information document*

*2 What information needs to be contained in the IPID?*

*2.1 R*

*The IPID must contain the following information:*

*(2) a summary of the insurance cover, including the main risks insured, the insured sum and, where applicable, the geographical scope and summary of excluded risks"*

*What I need to consider was whether the new for old cover was a key factor in Mr C's choice of provider for his caravan cover and as such should it be included in the IPID.*

*I've thought carefully about this, and I think it's clear that the change of cover for caravans over five years old is a key factor in the cover provided by Cover4Caravans. My reasoning here is that it has previously written to Mr C after renewal to tell him to make sure his sum insured is adequate under the new for old cover. But in later years, it didn't do this. It's my thinking that Cover4Caravans' previous treatment of this cover change demonstrates that it understood this was an important point, requiring its customers to ensure they were correctly insured.*

*Because Cover4Caravans has a duty to provide information that's clear, fair and not misleading, it's important it tells Mr C about unusual parts of the policy that he might not expect to be there, or clauses which restrict cover. Given that he'd had the same level of cover for five years, I think this is a significant term Mr C needed to be told about.*

*So I think it's clear Cover4Caravans needed to make sure Mr C was aware of this significant change in his cover*

*Mr C confirmed he'd have looked elsewhere for cover if he'd known new for old cover wasn't available from Cover4Caravans. I've looked elsewhere in the marketplace to find out whether Mr C would have been able to find cover for his five year old caravan on a new for old basis, and I can see that, while it's not common, cover is available from a major provider.*

*It follows that I don't think Cover4Caravans gave Mr C clear information about how his policy would work when his caravan was older than five years, and I don't think it's fair for it to refer him to the policy wording when the change in his cover is as substantial as it was.*

*I can see from the file that his claim was settled by the insurer at a value of about £21,800 and Mr C had set the value of his caravan at £27,000. It seems to me that Mr C has a clear expectation that his claim should be settled on a 'new for old' basis at a value of £27,000.*

*So I think the fair solution is Cover4Caravans now compensate Mr C by paying him as he would have expected to have done for a 'new for old' claim.*

*I also think it needs to add interest at 8% simple on the difference between £27,000 and*

*The amount his claim was originally settled at, from the date his claim was originally settled to the date this payment is made.*

## **Responses to my provisional decision**

Both parties accepted my provisional 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.

As both parties accepted my provisional decision, my final decision and reasoning remain the same as in my provisional decision.

## **My final decision**

It's my final decision that I uphold this complaint. I direct Alan Blunden & Co Ltd trading as Cover4Caravans to pay Mr C the balance between the amount his claim was settled at, and the sum insured on his policy. Interest at 8% simple should be added to this figure from the date his claim was paid, to the date this payment is made.

If Alan Blunden & Co Ltd trading as Cover4Caravans considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr C how much it's taken off. It should also give Mr C a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Alan Blunden & Co Ltd trading as Cover4Caravans must pay the amount within 28 days of the date on which we tell it Mr C accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 5 December 2024.

Richard Sowden  
**Ombudsman**