

The complaint

Mr L complains about Red Sands Insurance Company (Europe) Limited (“RSI”) and the way they have handled the claim he made on his warranty insurance policy.

What happened

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list them chronologically in detail. But to summarise, in 2018 Mr L had patio doors installed by an installation company, who I’ll refer to as “S”. As part of this installation, Mr L received a warranty insurance policy, underwritten by RSI. Mr L was unhappy with these doors as he felt they were allowing rainwater to enter his property. And by early 2024, S had ceased trading. So, he contacted RSI to make a claim on the insurance policy they provided.

Initially, Mr L was directed to make a Section 75 claim. But after acknowledging the proximity of the claim to the expiry of the time limits to make such a claim, RSI requested Mr L retrieve quotes for the repairs needed through their administrator. Mr L provided these quotes from contractors RSI recommended. But RSI assessed these and declined Mr L’s claim, quoting a policy exclusion centred around Mr L’s awareness of the issue before S ceased trading. Mr L was unhappy about this, and the delays he had faced during the claim process, so he raised a complaint.

RSI responded to the complaint and upheld it in part. They thought the decision to decline the claim was correct, based on the policy terms and conditions. But despite this, they offered to appoint their own contractor, who I’ll refer to as “E” to inspect Mr L’s patio doors and then reassess their claim decision. And they accepted there were avoidable delays during the claim process, offering to pay Mr L £200 to recognise the distress and inconvenience this would have caused. Mr L remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and didn’t uphold it. They thought RSI had acted in line with the terms and conditions of the policy when requesting to appoint E to carry out an inspection of Mr L’s doors, following their offer to reassess the claim. So, while they recognised Mr L’s comments about the two quotes he had already obtained, they explained why they felt RSI should be afforded the chance to complete this inspection. And they set out why they thought the £200 offered by RSI to compensate for the delays they caused was a fair one. So, they didn’t think RSI needed to do anything more.

Mr L didn’t agree. He maintained his belief that it was unreasonable for RSI to request a further inspection from E, when he already obtained two quotes from contractors suggested by RSI’s administrator. And he explained why this created concerns for him about the quality of any potential repair. Mr L also raised concerns about events that had occurred since RSI’s final response was issued.

Our investigator explained why our service couldn’t consider any events that occurred after RSI’s final response as part of this complaint. And they reiterated their initial outcome regarding what they could consider. Mr L continued to disagree and so, the complaint has been passed to me for a 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 not upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Before I explain why I've reached my decision, I think it's important for me to set out exactly what I've been able to consider. I note that as part of their initial complaint response, RSI set out their intention to instruct E to attend Mr L's home to inspect the fault with his patio doors. In line with the rules our service work within, set by the industry regulator, we are only able to consider the events that occurred up to the point RSI issued their complaint response, as a business must be afforded the opportunity to address any issues within their own complaint process first. So, while I recognise the claim has moved on since the issue of this final response, I'm unable to consider Mr L's concerns about any events after 23 October 2024 as part of this decision. Mr L is able to raise a new complaint with RSI about these and refer these to our service for further investigation should he remain unhappy.

Instead, what I have considered is the service RSI provided to Mr L, including their claim decisions, up to this point. And as RSI have offered to instruct E to inspect Mr L's patio doors taking their previous decisions into account, I think this offer is ancillary to the service they had already provided during the claim and so, I've thought about this offer too.

For me to say RSI should do something differently, for example accept the claim without E inspecting Mr L's doors, I'd first need to be satisfied they've done something wrong. So, I'd need to be satisfied RSI failed to act within the terms and conditions of the policy when taking the claim decisions they have. Or, if I think they did act within these, I'd need to be satisfied RSI acted unfairly in some other way, that hasn't been fairly compensated for by their offer of a £200 payment. In this situation, I don't think that's the case and I'll explain why.

While I note the claim has progressed and RSI have since offered to instruct E to inspect Mr L's door's before reassessing their original claim decisions, for completeness I've thought about their decisions to decline the claim previously. And when doing so, I've read through the policy terms and conditions at length.

These make it clear that RSI won't be liable for *"any loss which is recoverable from any other source, for example Section 75"*. And at the time Mr L contacted RSI, he was within the six-year time limit to make a claim this way. So, I don't think I can say RSI were unfair to initially suggest this.

But it was pleasing to see RSI exercised appropriate discretion when they realised how close in proximity Mr L was to falling outside of this time limit, asking he arrange for quotes for repairs from suggested contractors in the area.

I note Mr L followed this request, and RSI considered these quotes before declining the claim again. The policy terms and conditions also make it clear that they won't be liable for *"any defect or fault, whether reported to the member company or not, that occurred before the member company ceased to trade"*.

In this situation, on Mr L's claim form it states that he became aware of the issue he was claiming for in 2018. Yet I can see the original installer didn't cease trading until late 2023.

So, based on the above, I don't think I can say RSI were unfair to decline the claim on a strict application of the policy terms and conditions.

But I note RSI have since stated that, based on Mr L's circumstances and evidence provided, they would reassess their position after E had inspect the doors on their instruction.

The policy terms and conditions again make it clear, under the general conditions, that RSI have the right to *"make inspections and conduct surveys at any time"*. Considering that under a strict application of the policy they were able to decline Mr L's claim, I think their offer to instruct E to complete an inspection was not only in line with the policy terms, but also a more than fair offer in the circumstances.

So, while I do appreciate why Mr L has questioned the need for this considering he obtained two quotes following the policy administrators' suggestions, I'm unable to say RSI's stance regarding the instruction of E is unfair, or unreasonable. So, I'm not asking them to do anything more regarding this aspect of the complaint. As I've already explained, any issues Mr L wishes to raise following E's instruction and involvement would need to be raised, and addressed, separately.

But I do note it's accepted by RSI there were avoidable delays during the claim process. And from the evidence I've seen, I'm satisfied this is the case. I think RSI should've realised sooner that they intended to decline the claim based on an exclusion around Mr L's awareness before the installer ceased trading before he was requested to obtain quotes from suggested contractors. And I think during the process overall, there have been delays which have resulted in Mr L's claim receiving a definitive conclusion later than it should have.

RSI have offered Mr L £200 compensation to recognise the above. And having considered this offer, I think it's a fair one that falls in line with our services approach and what I would've directed, had it not already been put forward.

I think it fairly compensates Mr L for the distress and inconvenience he's been caused by the avoidable delays he has experienced. But I think it also fairly takes into consideration RSI's decision to instruct E to complete an inspection, and reassess their claim decision, to fairly consider Mr L's own individual situation and the evidence he's supplied even though I don't think this was something they were required to do under a strict application of the policy terms and conditions.

So, I won't be directing RSI to offer anything more on this occasion. Mr L has made it known to our service that he would prefer RSI's £200 offer to be paid to him by cheque, rather than providing his bank details. So, this is something RSI should arrange, should they be reasonably able to do so.

My final decision

For the reasons outlined above, I don't uphold Mr L's complaint about Red Sands Insurance Company (Europe) Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 18 March 2025.

Josh Haskey
Ombudsman