

The complaint

Mr B complains about AmTrust Specialty Limited's settlement of his static caravan insurance claim.

Amtrust has been represented on the claim by its agents, including its loss adjuster, who I'll refer to as J. For simplicity, at points, I've referred to the actions of Amtrust's agents as being its own.

What happened

Mr B had a static caravan insurance policy with Amtrust. In October 2023, flooding caused damage to his caravan and following this, he made a claim with Amtrust.

Amtrust said it visited the site in early January 2024 and despite being unable to access the caravan, it decided the caravan was beyond economical repair and declared it a total loss.

In February 2024, it offered Mr B £6,700. Mr B didn't accept this and said the valuation and settlement should be based on what a caravan site would charge. He also obtained a quote of £3,050 to replace the damaged caravan decking, which he said Amtrust should also pay.

Mr B complained to Amtrust in March 2024. He said Amtrust's sources for valuing the caravan were unreliable and not based on the market value of a caravan for a licenced caravan park, as his was. He asked Amtrust to also include in the settlement, the cost of other items installed in the caravan, such as a battery system and non-standard radiators.

Amtrust issued a complaint response in March 2024. It accepted it hadn't handled the claim efficiently and there were delays. It agreed the valuation of £6,700 wasn't sufficient for a replacement caravan at the same site, so it agreed to pay Mr B up to the sum insured for his caravan and contents, less the policy excess. It didn't agree to reimburse Mr B's site fees at the caravan site. It offered Mr B £500 compensation.

In April 2024, Amtrust paid Mr B £15,550. Based on the information I've seen, I understand this to represent the £15,000 caravan sum insured, the £150 contents sum insured, and the £500 compensation Amtrust offered, less £100 for the policy excess.

Mr B remained unhappy so he referred his complaint to the Financial Ombudsman Service. He requested a higher settlement than Amtrust had offered, to include costs for the decking, battery system and other items, along with higher compensation for the stress and anxiety caused. He also said Amtrust should pay the site fees he incurred following the date of loss.

The Investigator upheld the complaint. They said Amtrust's compensation of £500 was fair, but they asked Amtrust to pay the cost of the decking quote Mr B obtained, with interest, on top of the settlement it had already paid. They also asked Amtrust to pay the site fees from January 2024, with interest, because of its delay in settling the claim. They explained the battery system was not covered under the terms.

Amtrust agreed to pay the site fees from January 2024 to March 2024. But it didn't agree to

pay a further amount for the decking, because it had already paid up to the sum insured.

I issued a provisional decision partly upholding this complaint and I said the following:

"I should first set out that the Financial Ombudsman Service is a dispute resolution service, not the regulator of the insurance industry. So it's not our role to fine and punish a business. Our role is to look at whether a business has acted fairly in the circumstances of the complaint and decide what it needs to do where it hasn't.

Under this complaint, I've considered the actions of Amtrust as the insurer providing cover for the caravan insurance. Amtrust is not responsible for the actions of the broker that sold Mr B his caravan insurance policy. If Mr B has concerns about any advice he was given when the policy was sold, he should raise this directly with the broker.

Terms and conditions that apply

Amtrust provided a copy of the static caravan insurance terms that applied from January 2022 onwards. Mr B has raised concerns about the terms Amtrust relied on. But I've not seen evidence to persuade me there were other terms that applied instead, so I'm satisfied these were the terms that applied to the policy, when it renewed in November 2022, and at the date of the loss in October 2023.

Having reviewed these terms, I've noted the following:

- *The policy covers for loss or damage to the caravan and its contents caused by flood.*
- *Caravan is defined as "The structure of the static caravan described in the schedule together with an awning, standard fixtures and fittings and furnishings included in the manufacturers' original specification, or supplied with the static caravan or fitted by the manufacturer at a later date...Additional structures including skirting, veranda, patio, decking all contained within the boundaries of your plot which belong to You or for which You are responsible".*

Having considered the definition of caravan, I don't think it includes the battery system and radiators Mr B said he had fitted after he purchased the caravan. I say this because I've not seen evidence they were fitted by the manufacturer.

I've kept the above in mind when considering Mr B's complaint.

Amtrust's agent visiting the site

Mr B said Amtrust's agent likely didn't visit the site where his caravan was sited, in January 2024, as Amtrust claimed. I've seen the report from January 2024, and this appears to include the correct address for the site, so I think it's likely the agent did visit the site.

But, in any case, I don't think the agent attending or not attending the site caused Mr B any loss, or impacted on the claim outcome. I say this because the result was Amtrust declared the caravan a total loss. And given the evidence of significant flooding in October 2023, and damage that was likely occurring from then, I think it was more likely than not the caravan was always going to be declared a total loss.

There were delays on Amtrust's part, which I've covered later on.

Caravan valuation

It isn't the role of the Financial Ombudsman Service to come to an exact valuation of a consumer's caravan. But we do look to see if insurers have acted reasonably and if they've relied on a fair market value of the caravan in line with the policy terms and conditions. In doing so, we consider the evidence provided by both sides.

Mr B's caravan was over ten years old when he took out the policy. And the terms of his policy say in those circumstances, Amtrust will pay "the current market value of the caravan at the time of the loss or damage...taking into account the age of the caravan and any deduction to reflect pre-accident condition".

I've listened to Mr B's call with the broker in November 2021, when he first took out a policy with Amtrust. And in this call, Mr B acknowledged he could get a replacement for as low as £12,000, so he asked for the sum insured of £20,000 to be reduced to £15,000 at that time.

In August 2022, the caravan site told Mr B a caravan of similar specification and condition would be between £14,000 and £18,000, although it's not clear if this was for caravans of similar age, or with the additional items Mr B fitted after he purchased the caravan. So, I don't consider this range persuasive in the circumstances.

In his call with J in February 2024, Mr B said he couldn't find anything less than £12,000. He did say it could be up to £18,000-£19,000 with fees included, but it should be noted that as his caravan was over ten years old, the terms didn't include the cost of replacing the caravan and associated fees – instead it only covered payment up to the market value as outlined above. It was during this call that J explained Mr B could provide evidence and examples of caravans like his, to support his request for an increased settlement. I've not seen evidence of examples provided to show a likely market value of £15,000.

Mr B also provided an email from the caravan centre from March 2024, confirming that the three-bedroom caravans available for sale would be "a bit higher" than £10,000.

In addition to the above, Amtrust's agent provided an email from the caravan site for similar caravans (albeit slightly newer), quoting prices of between £5,000 to £8,000.

Considering the above, I'm not persuaded there's sufficient evidence to show the fair market value of the caravan was £15,000 at the date of the loss. Given the above, and Mr B's comments, I think it's likely that £12,000 would have been within the range of what was fair in the circumstances.

Mr B provided evidence to show the replacement decking would cost £3,050. But I think payment up to the sum insured of £15,000, covered the fair market value of the caravan, along with the additional cost of the decking. So, I think a settlement up to the sum insured is fair in the circumstances. And I don't intend to direct Amtrust to pay a higher settlement.

Amtrust agreed to pay up to the sum insured on the policy, but I don't think it was fair to then deduct the £100 policy excess from this. I say this because our service's approach is that an insurer should deduct the excess from the full cost of the claim, and cover the remaining amount, up to the limit. Deducting the excess from the policy limit in the way Amtrust did, means it's unlikely to pay the total limit amount. And I don't consider this to be fair in the circumstances. So I intend to direct Amtrust to reimburse Mr B this cost, with interest.

Because I consider a settlement up to the sum insured amounts to a fair settlement in the circumstances, I've not considered whether Amtrust did what it needed to, to ensure Mr B was adequately insured for his caravan.

Contents

Mr B chose a contents sum insured of £150, and Amtrust paid him £150 for the damaged contents.

I've listened to the call in November 2021, when Mr B took out the cover. In this call, he said he didn't think he had £500 worth of contents and would struggle to get £150 worth of contents in the caravan. And in response to Amtrust's final response, Mr B said he always thought his home insurance provider would cover the contents in his caravan.

Based on the above, I think the reason Mr B chose the sum insured of £150, was based on his own understanding that his contents were covered elsewhere. Amtrust isn't responsible for advising Mr B on what his home insurance policy covers, so I don't think it did anything wrong to cause Mr B to choose a sum insured of £150.

So, in the circumstances, I think it was fair for Amtrust to settle Mr B's contents claim up to the sum insured of £150.

Financial loss

I've considered whether Amtrust unfairly caused Mr B to incur costs he'd otherwise not have incurred. Mr B said he incurred site fees following the damage to his caravan.

I understand the flooding occurred around late October 2023, and Mr B notified Amtrust of this sometime afterwards. Amtrust's notes indicate this was around December 2023. So I don't consider it responsible for any delays up to December 2023.

Although Amtrust did instruct its agent in December 2023, to attend and inspect the damage, it said it was unable to do so at that time, due to unsafe water levels. This is supported by the pictures I've seen, so I don't think Amtrust caused unreasonable or avoidable delay leading up to its visit in early January 2024. And because the policy doesn't cover the site fees for Mr B's caravan in the circumstances of his claim, I don't consider it fair to hold Amtrust responsible for the site fees Mr B incurred up to January 2024.

It took till March 2024 for Amtrust to offer a fair settlement. In its final response, it accepted there were delays in settling the claim, and that it didn't handle the claim efficiently. So I'm satisfied there were some unreasonable and avoidable delays from January 2024 onward.

But Amtrust has agreed to pay Mr B the site fees he incurred between January 2024 and March 2024, with interest, and I think this is fair. If Mr B has incurred other site fees since then, he can send this directly to Amtrust for it to review.

Non-financial loss

I've also considered whether Amtrust's actions would've caused Mr B avoidable distress and inconvenience.

I've explained above why I don't think Amtrust caused unreasonable and avoidable delay up to its visit in early January 2024. And I've also explained why I consider there were delays in progressing and settling Mr B's claim from January 2024 onward. This included initial offers of settlement that were not fair. I think these delays and the initial unfair offers of settlement would've caused Mr B considerable distress, inconvenience and anxiety.

Amtrust also accepts its agent's handling of a call with Mr B in February 2024 was not to the required standards. I've listened to the call, and I agree Mr B was provided with poor service, which I consider would also have caused him some distress.

Keeping in mind the above, I think the £500 compensation it paid Mr B is fair and reasonable in the circumstances, and I don't intend to direct Amtrust to pay Mr B more."

Amtrust accepted the provisional decision. Mr B didn't accept. He raised a number of points and provided further information, which I've reviewed. In reviewing his response, I've also listened to calls between Mr B and our service, read his comments and reviewed the files he uploaded through our secure portal.

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.

Mr B said he wanted to discuss his complaint. Having listened to his telephone calls with our service, I'm satisfied I have a reasonable understanding of his points, and I've considered the points he raised with this in mind.

Mr B has provided a lot of information in support of his complaint. I assure Mr B that I've taken everything he's provided into account. But in this decision I've focused on what I think are the key issues in this complaint. No discourtesy is intended by this, but it simply reflects the informal nature of the way that the Financial Ombudsman Service reviews complaints.

Broker and other parties

Mr B raised concerns about the actions of other parties, including the broker for his policy, and their responsibility to provide suitable advice and recommendations. I understand an Investigator will contact Mr B to progress these concerns separately.

Under this decision, I will review the actions and responsibilities of Amtrust as the insurer providing cover for the caravan insurance.

Amtrust's agent visiting the site

One of Mr B's main concerns is that Amtrust's agent didn't visit the caravan site in early January 2024 as alleged. And he thinks the report of January 2024 was falsified.

Firstly, it should be noted that only a court can make a finding on whether there was fraud. And the Financial Ombudsman Service is a dispute resolution service, not the regulator of the insurance industry. So it's not our role to make a finding on whether there was fraud, or to fine and punish a business. Our role is to look at whether a business has acted fairly in the circumstances of the complaint and decide what it needs to do where it hasn't.

Mr B says on the alleged date of the visit, Amtrust's agent couldn't have gotten near the caravan due to flooding. But in the report, the agent doesn't claim to have gotten near the caravan or inspected inside it. The report says the agent was unable to gain access to the caravan due to the water level, and includes photos from a distance, showing flooding. This matches what Mr B has said about the condition of the site. So on balance, given the report appears to include the correct site address, I think the agent did visit the site.

Turning to the report itself, the conclusion reached was that the caravan was most likely to be a total loss. I don't think this conclusion caused Mr B loss or impacted unfairly on the claim outcome. I explained in my provisional decision that given the evidence of significant flooding since October 2023, and the damage that was likely occurring from then, I think it was more likely than not that the caravan was always going to be declared a total loss. I think this is further supported by the images Mr B provided, showing the extent of the

damage caused to the caravan.

Mr B says the report led to Amtrust reducing the claim value, but I've not seen evidence to show this was the case. The report didn't mention any pre-incident damage that would have led to a deduction, and in fact the agent noted they were informed the caravan is kept in good condition. The report concluded there was a valid claim under the policy, so again, I can't see that it caused Mr B loss, or unfairly impacted on the claim settlement. And I've not seen any evidence that Amtrust relied on the report in reaching its final settlement offer. I say this because the report appears to recommend a maximum of £8,000 for the value of the caravan, but Amtrust's final settlement was based on the sum insured of £15,000.

Market value

Mr B said Amtrust didn't include the decking costs, that the caravan sites set the market value and he was out of pocket by around £5,000, keeping in mind items such as the battery system he'd had installed.

I explained in my provisional decision why I didn't consider the policy covered the battery system and other parts Mr B said he had fitted after he purchased the caravan, along with any fees associated with replacing the caravan. I've not seen any further evidence to persuade me to change the conclusion I reached in my provisional decision.

I also explained in my provisional decision what the policy covered given the age of Mr B's caravan. And I explained why I wasn't persuaded by the range quoted by the caravan site in August 2022. I went on to explain that I'd listened to Mr B's call with J in February 2024, where he said he couldn't find anything less than £12,000, and I'd seen an email from the caravan centre from March 2024, confirming similar caravans to his would be "a bit higher" than £10,000. I'd considered Mr B's evidence, alongside Amtrust's evidence of an email from a caravan site quoting prices between £5,000 to £8,000 for similar (albeit newer) caravans.

We'd asked Mr B to provide any further evidence to support the valuation he considered fair, and the additional amount he feels Amtrust should pay, but we've not received anything further. And as I said in my provisional decision, considering the available evidence, I'm persuaded it's likely that £12,000 would've been within the range of what was fair market value in the circumstances. And given the evidence Mr B provided showed the replacement decking would cost £3,050, I remain of the view that a settlement up to the sum insured of £15,000 is fair in the circumstances. Amtrust paid Mr B a settlement on this basis, so I don't intend to direct it to pay a higher settlement.

Contents

Mr B also said Amtrust reduced the claim value for his contents.

He reiterated again that he believed his home insurance would cover his caravan contents but has since found out that separate cover was required.

I explained in my provisional decision why I considered the reason Mr B chose the sum insured of £150, was based on his own understanding that his contents were covered elsewhere. I also explained that when taking out the cover, Mr B said he'd struggle to get £150 worth of contents in the caravan.

Amtrust, as the caravan insurer, isn't responsible for advising Mr B on what his home insurance policy covers, so I don't think it did anything wrong to cause Mr B to choose a sum insured of £150. It follows that I consider Amtrust acted fairly in settling Mr B's contents claim up to the sum insured of £150, and I won't direct it to pay more than this.

If Mr B feels he was misadvised by any party when he took out insurance cover, he can raise this directly with the party he feels gave him the advice.

Site fees

Mr B said he expects his entire site fees to be returned, and that the fee was in excess of £2,000.

To be clear, the Investigator, in upholding Mr B's complaint, didn't hold Amtrust responsible for delays between October 2023 and January 2024, so they asked Amtrust to reimburse Mr B the fees from January 2024 onward.

Mr B told our service he didn't pay any site fees from March 2024 onward. We asked him for any evidence of site fees incurred beyond March 2024 but we've not received this. We also asked Mr B for evidence to show he reported his claim to Amtrust in October 2023, but we've not received this.

I'd explained in my provisional decision why I didn't consider Amtrust responsible for delays up to December 2023. I've not seen any further evidence to persuade me to change the conclusion I reached in my provisional decision. So I still think Amtrust was responsible for unreasonable and avoidable delays from January 2024 onward.

With the above in mind, I still think it's fair for Amtrust to reimburse the portion of Mr B's site fees for the period January 2024 to March 2024, with interest, if it hasn't done so already. To be clear, this means I intend to direct Amtrust to reimburse the portion of Mr B's site fees for January 2024 to March 2024, the latter being the date of the last fee Mr B incurred, based on the available evidence.

If Mr B has evidence of fees incurred beyond March 2024, he can send this directly to Amtrust for it to review. As for time limits for any new complaints, Mr B would need to raise any new complaint with Amtrust within six years of the problem happening, or failing that, within three years of becoming aware (or when he should reasonably have become aware) that he has cause to complain.

Compensation for distress and inconvenience

I explained in my provisional decision why the £500 compensation Amtrust paid Mr B is fair and reasonable in the circumstances, to address the impact of delays, the initial unfair offers of settlement and the poor service by its agent's handling of a call with Mr B. I've seen no further evidence to persuade me to change my conclusion on this, and I've explained above that our role is not to fine or punish a business. So I won't direct Amtrust to pay further compensation.

For the reasons outlined above, I've come to the same conclusions as I did in my provisional decision.

My final decision

My final decision is that I partially uphold this complaint. Subject to my comments above, I require AmTrust Specialty Limited to:

- Reimburse Mr B the site fees he paid for the period January to March 2024. It should add interest to these amounts at the rate of 8% simple per year, from the date Mr B paid these costs, to the date of payment.*
- Reimburse Mr B the £100 policy excess it deducted from his settlement. It should

add interest to this amount at the rate of 8% simple per year, from 4 April 2024 to the date of payment.*

*If Amtrust considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr B how much it's taken off. It should also give Mr B a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 1 May 2025.

Monjur Alam
Ombudsman