

The complaint

Mr D complains Red Sands Insurance Company (Europe) Limited (“Red Sands”) has unfairly declined his claim on his Mechanical Breakdown Insurance policy. All references to Red Sands include its agents.

What happened

Mr D bought a car in April 2024. At the same time, he took out a mechanical breakdown policy with Red Sands covering the cost of car parts and of fitting them. At the beginning of May 2024, Mr D contacted Red Sands as he had a problem with his car. Red Sands says it was told there was heavy smoke, the car was losing power and it wouldn’t go above 30 miles per hour. Mr D took his car to a repairer who said there was a fault with the turbo.

There was some back and forth between Red Sands, the repairer and Mr D and ultimately he instructed a different repairer to investigate things. Around August 2024, Mr D’s repairer provided further information including photos and videos of the issue. Red Sands says the repairer reported that a blocked pipe had caused the failure of the turbo.

Based on this information, Red Sands declined Mr D’s claim. It said pipes aren’t covered under the terms of the policy. As Mr D was unhappy his claim had been declined, he raised a complaint. Red Sands didn’t change its position so Mr D asked our service to look into things. In the meantime, he got a further report which said the fault with the turbo had been caused by leaking exhaust gases and that had caused the oil feed pipe to become blocked.

Based on Mr D’s further report, our Investigator initially upheld the complaint. She was satisfied the turbo had caused damage to the pipe and not the other way around.

Upon seeing Mr D’s report, Red Sands agreed the leaking exhaust gases had caused the blockage. It said it’d based its previous decision on the information provided by Mr D’s repairer. But in any event, it thought the claim should still be declined. It thought the gas leak causing the blockage in the pipe must’ve existed before Mr D purchased the warranty or bought the car considering the distance he’d travelled – 575 miles.

Our Investigator changed her opinion and didn’t uphold the complaint. She thought from looking at the pictures provided, there was a clear build-up of oil and that would’ve happened over some time. So she thought Red Sands had fairly declined the claim. Mr D didn’t accept what our Investigator said. He said his car was in good working order when he first got it. And he wouldn’t have been able to drive the car if the damage already existed. He also pointed out the car had a full service history in line with the dealership’s guidance. As the Investigator didn’t change her opinion, the complaint has been passed to me to decide.

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.

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 provided. Instead I've focused on those I consider to be key or central to the issue. But I would like to reassure both parties that I have considered everything. And based on what I've seen, I don't uphold this complaint. I know Mr D will be very disappointed. I'll explain why.

Red Sands declined Mr D's claim because it considers the damage must've been ongoing for some time. And I can see the policy says, '*The effects of poor repairs, or faults that were present when YOU bought the VEHICLE*' aren't covered. So it's for me to decide whether Red Sands has reasonably declined the claim on this basis. And in this case, I think it has.

The defect occurred around 17 days after the warranty started and after Mr D had travelled just under 600 miles. He's provided a report from his repairer who inspected his car around two months after the claim was made and wrote our service a report in January 2025. The report explains the reason for the fault was the turbo leaking exhaust gases through the waste gas level which caused the oil pipe to block. It didn't say when the defect started or how long it would've gone on for.

Red Sands has provided its commentary about the fault to our service based on the photos and information Mr D's repairer provided. It agreed the turbo was passing exhaust gases which had caused the failure. But it thought it had been doing so for some time. It provided pictures of the oil build-up and exhaust soot. It said this would've been going on for longer than Mr D had the car and more miles than he'd travelled since buying it.

Mr D doesn't agree, he says he'd driven his car for a few weeks before the turbo failed and he wouldn't have been able to if it had happened already. But from what I understand, neither Red Sands nor Mr D's repairer have said the failure of the turbo which caused the car to break down had occurred before he took out the warranty. Instead it seems, it's the gas leak and oil build-up which happened over time and ultimately led to the turbo failing.

In a case like this, it's for the customer to prove their claim and I don't think Mr D's done that here. His report doesn't state when the exhaust gases started leaking or that it happened after the warranty started. And having considered the available photos and the time and mileage between inception and the claim, I'm satisfied Red Sands has reasonably concluded the defect existed before Mr D's cover began.

My final decision

For the reasons given above, I don't uphold Mr D's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 23 May 2025.

Nadya Neve
Ombudsman