

The complaint

Mr H complains Society of Lloyd's (SoL) haven't covered all of the damage to his boat after he made a claim under his marine insurance policy.

What happened

The circumstances of this complaint will be well known to both parties and so I've summarised events. In October 2023 Mr H's boat was unfortunately damaged after the anchor's chain broke. He reported a claim to SoL who arranged a surveyor to inspect the boat. SoL accepted Mr H's claim, but it didn't agree to cover any damage to the engine as it said it wasn't damaged during the incident. It also didn't agree to cover the travel and accommodation costs Mr H incurred whilst his boat was on the beach and in the boatyard following its recovery. Mr H didn't think this was reasonable and so raised a complaint.

On 16 January 2025 SoL issued Mr H with a final response to his complaint. It said based on the available evidence from the surveyor, it didn't believe there had been water damage caused to the engine as a result of the incident. It said it couldn't see there were any other elements to be considered, but if Mr H had any further evidence of invoices, he should provide these to SoL. Mr H referred his complaint to this Service.

Our investigator looked into things. She said she thought the surveyor's report was detailed and persuasive, and the surveyor's opinion was that the engine damage wasn't caused by the boat being grounded. She said she thought SoL had acted fairly when it declined to cover the damage to the engine. She also didn't think SoL were liable for Mr H's travel and accommodation costs.

Mr H didn't agree with our investigator. He provided a detailed response but in summary he said water had damaged the engine whilst it lay on its side on the beach. Our investigator reviewed the information provided by Mr H, but didn't change her opinion on the complaint. Mr H asked for the complaint to be considered by an Ombudsman.

As Mr H asked for an ombudsman to consider the complaint, it 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 want to acknowledge I've summarised Mr H's complaint in less detail than he's presented it. I've not commented on every point he has raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Mr H and SoL I've read and considered everything that's been provided.

The relevant rules and industry guidance explain SoL should handle claims fairly, and shouldn't unreasonably reject a claim. SoL have accepted Mr H's claim but have said it won't

cover the damage to Mr H's engine as it doesn't believe it was damaged during the incident Mr H has claimed for. Therefore, I've considered whether this is reasonable.

SoL arranged for a surveyor to inspect Mr H's boat. They have provided a detailed report including a number of photos. In their report they have written:

'The engine was in poor cosmetic condition, coated with oil and dirt. Engine beds were in tact and mounts, though in poor condition did not appear to have suffered from the stranding.'

SoL asked the surveyor to comment on whether there had been water ingress into the engine whilst it was stranded on the beach. The surveyor has said:

'Water can enter an engine, which I would understand as ingress, in 3 principal ways:

- Via the air induction system during immersion or being in use when water is in close proximity to air intakes*
- Via the exhaust system during immersion or back flooding (reasons various)*
- Through internal failure from damages to the head gasket or salt water circulation system.*

If immersion, which I saw no evidence of, is ruled out and understanding that the engine was not running when the vessel foundered, the most likely would be from residual water in the exhaust back flooding via the exhaust manifold, though, in the knowledge that the engine had been unable to contain its oil, internal failure could also be considered.

It is my understanding that none of these issues were found during works at the yard.

To date, my understanding has been Mr H's contention was that the engine had been damaged by water affecting the external elements of the engine, electronics and ancillaries but no evidence has been submitted and none seen by myself.

...

It will be noted that the engine has significant surface corrosion and contamination. Pertinent is that the port side of the engine (the right hand side as looked at this in this photograph) shows no evidence of recent immersion, particularly of note being the alternator dust being dry and intact and the alternator windings being dry and free from salt contamination.'

I think it's clear the surveyor's opinion is that the engine hasn't suffered damage as a result of the incident Mr H has claimed for. I think it's reasonable for SoL to rely on the opinions provided by the surveyor given their expertise in the field. I haven't seen persuasive evidence from a similarly qualified professional which contradicts the surveyor's opinion. Mr H has provided some comments provided by the repairer in relation to water ingress, but the comments are brief and aren't definitive, therefore I don't find this to be more persuasive than the evidence provided by the surveyor. Based on the evidence provided by the surveyor, I think it was reasonable for SoL to conclude that the engine hasn't been damaged as a result of the incident. Therefore, it's reasonable for SoL to decline to cover damage to Mr H's engine.

Mr H has said SoL should pay for travel and accommodation expenses he incurred whilst his boat was stranded on the beach and in the boatyard. I've reviewed the terms of Mr H's policy

and there is no section under which these costs would be covered. Therefore, I think it's reasonable SoL haven't agreed to cover these costs.

Mr H has said whilst his boat lay on the beach, the interior was flooded with water causing extensive internal damage. SoL has said it hasn't been sent an estimate in relation to this internal damage to be able to consider this. I've not seen evidence Mr H has provided SoL with information about the internal damage he wishes to claim for, aside from the engine, therefore he should provide this information to SoL if he wishes to claim for it.

I know Mr H is unhappy SoL haven't shared the surveyor report with him in its entirety. I can see SoL have shared sections of the surveyor report with Mr H, particularly the parts of the report which are relevant to this complaint. SoL have provided this Service with a copy of the report, and I can assure Mr H SoL have provided him with all the parts of the report which are relevant to his complaint, and this has been quoted to him correctly by SoL.

I know this will be disappointing for Mr H, and I naturally empathise with him given the damage to his boat. However, for the reasons I've explained I think SoL have acted fairly when dealing with his claim.

My final decision

For the reasons I've outlined above I don't uphold Mr H's complaint about Society of Lloyd's.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 7 July 2025.

Andrew Clarke
Ombudsman