

The complaint

Mr D complains Red Sands Insurance Company (Europe) Limited (“Red Sands”) declined his claim on his mechanical breakdown insurance policy unfairly. Any reference to Red Sands includes its agents.

What happened

Mr D bought a car in February 2024 and around the same time, he took out a mechanical breakdown policy covering the cost of car parts and fitting them. Mr D’s car was serviced in February 2024. Around March 2024, Mr D’s car started releasing smoke as he was driving it. So it was towed to a garage and he submitted a claim to Red Sands to cover the repair cost.

The garage initially said the turbos had seized. Red Sands agreed to cover the cost of repairing one turbo but not the other as it thought that damage was caused by wear and tear. Following the turbo repair, the repairer informed Red Sands there was a knocking noise coming from the engine when it was turned on and ultimately, it said the engine had failed. After some back and forth between the parties and further investigation, the repairer said the turbos seizing caused excessive oil to be sent through the engine which led to a hydrolock.

Based on the information provided, including photos and videos, in April 2024, Red Sands declined Mr D’s claim for the engine failure. It thought the damage was caused by wear and tear and likely pre-existed the start date of the policy. It didn’t agree it was caused by the turbo seizing. Red Sands said the amount of oil lost must’ve happened over a long time and it could see the bearings were worn which it didn’t think could’ve happened suddenly.

Mr D didn’t accept what Red Sands had said so he raised a complaint. As Red Sands maintained its decision, Mr D asked our service to look into things. In the meantime, his repairer provided a report which said the failed crank bearings were caused by the failed turbos. It said oil was going through the engine starving it of oil and causing it to hydrolock.

Our Investigator upheld Mr D’s complaint. He didn’t think Red Sands had provided reliable expert evidence to support its view or to contradict Mr D’s evidence. Ultimately, he said Red Sands should pay Mr D’s claim and pay him compensation for the delays it caused.

Red Sands didn’t accept our Investigator’s opinion. It said a qualified engineer had looked at the evidence provided by Mr D’s repairer and said the damage was caused by the bearings wearing down over time. It highlighted the bearings were down to the copper and said this couldn’t have happened suddenly. It also said there was no evidence of a hydrolock such as bent con-rods. After some back and forth between our Investigator and Red Sands, it arranged for a remote inspection of the car to be carried out.

The report indicated the damage was caused by wear and tear to the bearings. As this didn’t change our Investigator’s opinion, the complaint was passed to me to decide.

I reached a provisional decision in May 2025. I thought the complaint should be upheld in part and Red Sands should pay Mr D £300 as compensation for the customer service it had provided him. But I didn't think it had unfairly declined his claim. In summary I said:

- Under the terms of the policy, damage caused by wear and tear isn't covered. And I thought it was more likely than not the damage was caused over time.
- I'd carefully considered the evidence from Mr D's repairer and the third-party report provided by Red Sands. And I found the report provided by Red Sands and the conclusions reached by the third-party engineer more persuasive.
- Red Sands had caused significant delay to resolving this complaint by not providing further evidence to our Investigator when asked, including the third-party report. And I thought that would've caused Mr D a great deal of unnecessary worry and distress.

I asked both parties to make any further comments for me to consider before reaching my Final Decision. Red Sands accepted what I said and contacted Mr D to arrange payment.

Mr D didn't accept my provisional decision. He provided documents including a letter from his repairer which said the damage was caused by turbo failure. He said in summary:

- His car was recovered by the roadside and towed to the garage after it emitted smoke.
- My provisional decision was inaccurate, the service took place on 22 February 2024 during which it was reported the car was in good working order.
- The repairer is very experienced and saw the car in person. Whereas the third-party engineer has relied on an incorrect timeline of events and doesn't know the full facts of what happened. For example, the report says there were no noises in the video indicative of turbo failure but the video was from after the turbos had been replaced.
- It's impossible to tell from a video or photos if the con-rods have been damaged.
- The MOT history and the service shows the car didn't have progressive failure. This undermines the third-party's findings that the damage is consistent with wear and tear.
- The vehicle was serviced and maintained as shown by the service history.

During a phone call with our Investigator, Mr D explained he didn't think the third-party report was conclusive and instead suggests what might've happened.

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 thought about everything both sides have said in response to my provisional decision and I accept this is a finely balanced case. On the one hand Mr D's repairer says the damage to the car was caused by the turbo failing and on the other, Red Sands has provided a third-party engineer's report which says the damage was more likely caused over time.

I've weighed up all of the information I have available in order to decide what I think most likely happened on the balance of possibilities. And having done so, I'm satisfied it's more likely than not that Red Sands has declined Mr D's claim fairly and within the terms of the policy. So I see no reason to change my conclusions set out in my provisional decision.

Mr D's highlighted that the timeline of events in my provisional decision and the third-party report isn't quite accurate. In particular, he's pointed out that his car was towed to the garage after it started emitting smoke and this was unrelated to the service in February 2024.

I'd like to explain to Mr D that, to build a picture of what's happened, I've looked at the information given by both parties. This includes listening to calls he's had with our service and reading notes of calls saved by our call handlers. During the initial call with our service, Mr D explained what had happened, including that his car had been serviced.

From looking at our call notes, I thought the information Mr D provided was that the fault with the car arose following the service. However, I understand that's not the case. I'd like to apologise for my misunderstanding here. But I've looked over all of the evidence we've been given very carefully again and I don't think it makes a difference to the outcome here.

I know Mr D's car had recently been inspected during a service and MOT. And I don't doubt it was regularly maintained as he's said. Mr D thinks if the bearings had worn over time, it would've been picked up during these inspections and as it wasn't, he thinks the damage must've been caused suddenly, by the turbo failure. Whilst this sort of damage might be picked up during a service, I understand it isn't guaranteed and it depends on whether there are signs of bearing wear and what those signs are. So I don't think this means the damage must've happened suddenly after the service.

I note the initial turbo failure Mr D claimed for also occurred after the service in February 2024 but from the report, it seems signs of it weren't picked up during the service. So I think this shows it's possible for damage to have occurred over time which wasn't picked up during the service or that started after the service.

Mr D's highlighted that his repairer is very experienced and saw his car in person whereas the third-party engineer reviewed photo and video evidence. But the evidence the engineer relied on was from Mr D's repairer. And if there was more damage or detail he'd seen which supported the view that the turbo failure caused the engine damage, I think it's reasonable to expect he would've provided it to Red Sands. Instead, I think Mr D's repairer provided sufficient videos and photos for Red Sands to be able to review and decline the claim – and I don't think it's unreasonable it's relied on it.

The third-party engineer and the Red Sands engineer both agree the bearings would only usually wear down to the extent they have, over time. And the third-party engineer has said there's no evidence of sudden catastrophic bearing failure in the photos – such as tearing or fragmentation. Overall, I find the conclusion reached by the third-party engineer more detailed, more plausible and more persuasive. So I'm satisfied Red Sands has declined the claim fairly and in line with the terms.

To make up for the delay Red Sands caused by not providing the further evidence our Investigator requested until the last opportunity, I direct it to pay Mr D £300.

My final decision

For the reasons set out above and in my provisional decision, I uphold this complaint in part and direct Red Sands Insurance Company (Europe) Limited to put things right by paying Mr D £300.

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

Nadya Neve
Ombudsman