

## The complaint

Mr S is unhappy Red Sands Insurance Company (Europe) Limited declined a claim on a motor warranty policy.

## What happened

The details of the complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on providing my reasons for my 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 agree with the conclusion reached by the Investigator that the complaint should be upheld. I do so for the following reasons:

- The policy terms say it provides cover for all mechanical and electrical parts (including labour to fit them), of the insured vehicle against mechanical breakdown. It also provides the following definition "***Mechanical Breakdown means the failure of a mechanical or electrical component, causing a sudden stoppage of its function for a reason other than wear and tear, deterioration or negligence. Damage caused by the effect of overheating or abused is not regarded as Mechanical Breakdown under the policy***".
- The claim was made for a stretched timing chain, which Red Sands has declined as it says this is 'always' due to wear and tear, which is excluded by the policy.
- For Red Sands to rely on an exclusion in the policy it needs to provide evidence that it applies.
- Red Sands has provided information to confirm a timing chain has an expected lifespan of around 150,000 to 200,000 miles. Mr S' car had travelled only 58,716 miles in total and only 3,229 of those since the policy was purchased. Red Sands has not provided any evidence to show why the timing chain failed prematurely or why on Mr S' model of car, the expected working life expectancy of the part would have been lower.
- All moving parts will suffer a normal amount of wear and tear, but it is only fair and reasonable to decline a claim due to wear and tear if the part has failed because it reached the end of its normal working life expectancy. This isn't what has happened here.
- Red Sands has not provided any evidence to suggest that negligence by Mr S played any factor in the part's failure – such as a lack of maintenance, lubrication or poor driving habits. It has only provided these as general reasons as to why a timing chain may fail, and nothing which is specific to Mr S' car.
- I'm persuaded the timing chain failed prematurely and, the point it failed to function correctly would have been sudden and unforeseen.
- Red Sands as a gesture of goodwill agreed to cover the cost of the timing chain but nothing further.
- Based on the above I'm persuaded that Mr S had a valid claim under the policy and Red Sands declined it incorrectly.

### **Putting things right**

To put things right Red Sands should do the following:

- Pay the claim in line with the policy terms and conditions, including any limits that apply and less any amounts already paid.
- As Mr S paid for the repair, Red Sands should add 8% simple interest per year on any amount it pays to him from the date he paid the bill, to the date it makes settlement to him.

### **My final decision**

My final decision is that I uphold Mr S' complaint. I direct Red Sands to put things right as I have set out in the section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 December 2025.

Alison Gore  
**Ombudsman**