

The complaint

Mr J and Ms L complain about Allianz Global Corporate & Specialist SE (“AGC”) and the decision to decline the claim they made on their Sailing Boat Cover (“SBC”) insurance policy.

Mr J has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any actions take or comments made by either Mr J or Ms L as “Mr J” throughout the decision where appropriate.

What happened

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list them chronologically in detail. But to summarise, Mr J and Ms L held an SBC insurance policy, arranged by an intermediary I’ll refer to as “P” with AGC listed as the lead underwriter, when their sailing boat was damaged during moderate to heavy seas. So, they contacted AGC to make a claim.

P were acting as an agent of AGC and so, AGC remain ultimately responsible for the service they provided. So, any reference to AGC includes P, and any other of AGC’s agents.

But Mr J’s claim for damage to the rigging, rudder and radar was declined, with AGC relying on the “wear and tear” exclusion contained within the policy. Mr J was unhappy about this, so he raised a complaint about it. In summary, Mr J set out why he felt the decline was unfair, explaining his belief the damage had been caused by a rogue wave that was an event that should be covered.

AGC responded to the complaint, maintaining their position that the claim had been declined unfairly. Mr J remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and didn’t uphold it. Both parties have had sight of this outcome, so I won’t be recounting it in detail. But to summarise, our investigator set out why they felt AGC had acted fairly and reasonably when declining all aspects of the claim.

Mr J didn’t agree in part, providing comments and new information setting out why. To summarise, Mr J accepted our investigators rationale regarding the rigging and the radar. But he set out why he felt the claim for rudder damage should be accepted and he provided a report from the boat services company, who I’ll refer to as “B”, who completed an initial temporary repair that he felt supported his position.

This report, and it’s amended version, were sent to AGC for their comments. But AGC’s position remained the same. And having considered this, alongside the additional evidence and comments provided by Mr J, our investigators position remained unchanged. As Mr J didn’t agree, the complaint has been passed to me for a 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'm not upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant, in line with our services informal approach as an alternative to the courts. So, if I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Before I explain why I've reached my decision, I want to set out what I've been able to consider and more importantly, how. It's not my role, or the role of our service, to re-underwrite the claim Mr J made, as we don't have the expertise to do so. Because of this, I won't be speculating on what I believe was the main cause of the damage Mr J claimed for.

Instead, it is my role to consider AGC's claim decision and decide whether I'm satisfied they acted fairly and reasonably when reaching it. To do so, I've considered the evidence available to them at the time of their decision, and in their more recent maintaining of this, alongside their policy terms and conditions.

And in line with our services informal approach as I've stipulated above, this decision focuses on the point I'm satisfied remains in dispute. Considering Mr J accepted our investigators view regarding the rigging and the radar, I've focused solely on the damage to rudder.

I've carefully considered the policy Mr J held, which I note is an all-risks policy. While it is labelled as all-risks, I must be clear that an insurance policy is never intended to provide cover for every situation. And Mr J's is no different, containing a variety of exclusions, including one that excludes any cover for loss or damage caused by "*normal wear and tear, gradual deterioration, corrosion of any kind (including electrolytic, galvanic, oxidation and rusting), rot, unseaworthiness or lack of maintenance*". And this is the exclusion AGC have applied. So, I've thought carefully about whether I'm satisfied AGC were reasonable when relying on this. Having done so, I'm persuaded they were and I'll explain why.

It's not in dispute by either party that the damage caused to Mr J's boats rudder was caused by a rogue wave while sailing in moderate to heavy seas. And AGC have set out clearly why, without any other external influence, they feel it's fair for them to assume there would have been some wear and tear or gradual deterioration present, as a rudder for a sailing boat such as Mr J's, that has been maintained appropriately, should be expected to withstand such an event.

Having considered this stance, I'm not persuaded that it's an unreasonable one as I'm satisfied a reasonable assumption would be to expect a boats rudder, which is an integral part of its mechanical function, to be able to withstand heavy seas and large waves. Especially when it's use at the time as part of a Word Rally is taken into account.

I've also seen from AGC's own internal notes that they were willing to reconsider this stance if Mr J was able to provide evidence to show that the rudder has been inspected and maintained.

And while I recognise why Mr J was unable to provide this evidence, as he did it himself, I'm unable to say AGC were unfair, or unreasonable, when maintaining their stance with this in mind as I'm satisfied another insurer is likely to have taken the same decision, in similar circumstances.

But I note Mr J disputes this. And he's provided a report from B which I want to reassure him I've considered carefully. But when doing so, I've also had to take into account that this report was provided by B on a private basis, with Mr J having paid B for their services. So,

I'm unable to say this report was provided entirely independently. Even more so when Mr J was able to provide an amended report, after our investigator had already issued their view, which contained an added conclusion paragraph.

This report also includes limitations, including not being exhaustive as to the general condition of the boat. And while it does state the bolts likely sheared, it doesn't confirm why they sheared, or what definitively caused this.

But I do note in the amended report, B state there was no indication of corrosion and Mr J has pointed to this to support his belief the damage was caused by a sudden and one-off event, rather than because of wear and tear (or gradual deterioration). And I have thought about this at length.

However, I note B was unable to provide photographic evidence of the damage pre-temporary repair. And when the post temporary repair photos are compared to the photos that show the rudders and its joints condition following the permanent repair made some months later, I'm not persuaded this report and photos it relies upon means AGC ought to have done something differently.

So, when this, alongside B's independence, is taken into account, considering they were acting on Mr J's behalf even though he was put into contact with them through AGC, I'm not persuaded that AGC were unfair to maintain their position when being presented with the report for comments. Because of the above, I've not been persuaded that AGC acted unfairly when declining Mr J's claim and so it follows that I'm not directing them to do anything more on this occasion.

I recognise Mr J will disagree with the above. I want to be clear that should Mr J obtain a report from an independent expert that supports his position, I would expect AGC to consider this report appropriately and consider whether their stance remains. But it would ultimately be Mr J's decision on whether he wished to pay the costs this may incur.

My final decision

For the reasons outlined above, I don't uphold Mr J and Ms L's complaint about Allianz Global Corporate & Specialty SE.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J and Ms L to accept or reject my decision before 3 March 2026.

Josh Haskey
Ombudsman