

The complaint

Mr and Mrs W complain that AmTrust Specialty Limited ('AmTrust') offered to repair, rather than replace their damaged caravan. They believe their insurance policy entitles them to a new caravan.

As Mr W has been the primary contact throughout the complaint, for ease of reading, I'll refer only to him. References to AmTrust refer also to its agents.

What happened

Mr W insured his static caravan, which he uses for holidays, with AmTrust on a 'New for Old' basis. The sum insured was £40,000, and the policy began in April 2024.

In December 2024 the roof from a neighbouring caravan became detached during a storm and collided with Mr W's caravan. Mr W made a claim to AmTrust for the damage caused.

In January 2025 AmTrust appointed a loss adjuster who asked Mr W to provide photographs, and a report from a local contractor confirming the cost of repairs. Mr W then informed AmTrust that the site owners had refused to provide a repair estimate because of parts availability (I understand the manufacturer of his caravan no longer exists). When he got no reply, he complained. On 28 February 2025 he was offered £150 in recognition of poor service.

On 11 March 2025 an assessor was appointed. They visited the site on 16 April 2025. They estimated the pre-accident value of the caravan to be £5,500, judged the damage to be "*no more than cosmetic*", and recommended a cash settlement of £1,100 for the repairs.

After Mr W raised some issues with repairing the caravan due to its location and the availability of suitable contractors to undertake the repairs, it was recognised that repairing it would likely cost more than previously estimated, and more than £5,500. In a telephone conversation on 1 May 2025, the loss adjuster told Mr W that given the logistical difficulties around repairing the caravan it "*may well have no choice but to write it off*". In a further telephone conversation on 8 May 2025 the loss adjuster offered him just above the 'market value' (£5,640 - its revised estimate of repair costs at that time) and told Mr W, "*New for Old does not mean brand spanking new*".

Mr W rejected this as he considered his caravan had now been deemed 'written off' and should be replaced with a new one under his 'New for Old' cover. He complained. He said the loss adjuster "*backtracked*" when it found that a new caravan would cost around £63,000. (I note that when Mr W's policy was renewed in May 2025, the sum insured was increased from £40,000 to £63,675).

On 2 June 2025 AmTrust provided its final response. It explained that as the caravan was repairable, the repair costs would be the limit of its liability. However, it offered Mr W a further £300 for avoidable delays.

Unhappy with this, Mr W referred his complaint to this service. He said he'd received an updated estimate for the repairs which came to more than £8,000. As the repair costs exceed the caravan's market value, he said it should be written off and replaced with new.

When our Investigator asked AmTrust to explain its position, AmTrust said the offer of market value (£5,640) had mistakenly been made before the loss adjuster had realised that

Mr W had selected 'New for Old' cover. It said a repair would likely be more cost effective than a replacement, and so the caravan wasn't considered to be beyond economical repair (BER).

Our Investigator's view

Our Investigator initially said AmTrust should be allowed to repair the caravan as an engineer hadn't said the caravan was BER. She also said the £450 Mr W had been offered for poor claim handling was reasonable. She later revised her view having obtained a recording of a telephone call where the loss adjuster's customer adviser suggested the caravan had been 'written off'. She said, in these circumstances, the policy requires AmTrust to replace the caravan as new. She also said AmTrust should increase the compensation it had offered for poor claim handling and delays by £400.

Meanwhile, AmTrust let Mr W know that because he was underinsured (he'd insured for £40,000, rather than £63,000) it would be proportionally reducing the amount of any settlement. Mr W also instructed another contractor to inspect the caravan. Their estimate to repair, calculated in September 2025, was £15,987.67 plus VAT.

AmTrust didn't accept the Investigator's revised view. It said the loss adjuster had incorrectly thought the caravan was BER because it mistakenly thought Mr W's maximum claim limit was the market value. It agreed to offer Mr W the amount his contractor had estimated. Our Investigator reconsidered things and said AmTrust's offer to settle the claim by repairing the caravan is fair.

Mr W didn't accept that. He said AmTrust had made numerous errors and caused him significant distress when he's medically vulnerable. He said it makes no financial sense to accept a costly repair, particularly as the damaged panels are no longer manufactured and would only be "similar". He also said his arrears on the secured loan he'd taken to buy the caravan should form part of the settlement.

As no agreement could be reached, the complaint was passed to me to review afresh and decide.

Recent revision of the repairs estimate and a further offer of compensation

AmTrust has recently let us know that it has been in contact with the contractor who assessed Mr W's caravan in September 2025, and the contractor has made some adjustments to its estimate. These are based on it partnering with an engineer closer to the location of Mr W's caravan, and thereby reducing labour, travel, and accommodation costs. The revised repairs estimate, which AmTrust remains willing to meet, is £11,900 plus VAT. AmTrust has also confirmed that it *won't* be applying a proportional reduction to the settlement of this claim to reflect underinsurance.

AmTrust recently told us that it's offered Mr W a further £200 in recognition that the loss adjuster initially, in May 2025, erroneously assessed his caravan as BER.

The scope of this decision

Before I continue, I'd like to make it clear that I'm aware that Mr W has made several other complaints to AmTrust and his broker since he received AmTrust's final response in June 2025 and referred this complaint to our service. He's also complained to the broker that he was mis-sold the policy in April 2024. I'm aware that AmTrust has issued further final responses, dated 14 November 2025 and 26 November 2025.

A final decision about Mr W's complaint to the broker has already been issued.

In this decision I'll only be addressing the complaint concerning Mr W's entitlement under the policy to a new replacement caravan, and the handling of his claim from December 2024 to June 2025. In short, I'm considering Mr W's complaint that AmTrust refused to pay for a new caravan.

My provisional findings

I issued a provisional decision on 5 December 2025 in which I explained why I thought the complaint should be partly upheld. I said:

“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 partly upholding Mr W’s complaint. I’ll explain why.”

Is AmTrust’s offer to settle the claim by repairing it, or paying for repairs, rather than providing a new replacement caravan, fair?

The ‘Static Caravan’ section of Mr W’s policy says:

*“The Maximum Claim Limit for Your Static Caravan should equal its current Market Value unless We have agreed to provide New for Old replacement cover. If We have agreed to provide **New for Old** replacement, then **the Maximum Claim Limit should reflect the value to replace Your Static Caravan as new with the same model (or nearest equivalent)**”. (Emphasis added)*

The General Policy Conditions include:

“We will settle any claim in the following ways:

1. Your Caravan

- If an Engineer appointed by the Claims Administrators inspects the damage to Your Caravan and makes a decision that Your Caravan can be repaired, We will pay the cost of repairing this damage.*
- If an Approved Engineer makes a decision that Your Caravan is beyond economical repair (written off), the basis the claim is settled will be determined by the cover You have selected and as shown on Your Schedule.”*

The phrase “beyond economical repair (written off)” isn’t defined in the policy, so I’ve thought carefully about what it means in this case.

Where a policy provides cover to a maximum claim limit reflective of a caravan’s current market value, I think it would be fair to understand this phrase to apply where the reasonable estimated repair costs are more than the caravan’s market value immediately before it was damaged. This is typically how car insurance works, and the aim of such cover is that, in the event of a valid claim, the insured is put back into the position they were in before the loss or damage happened. But where a policy provides cover up to a maximum claim limit which reflects “the value to replace Your Static Caravan as new with the same model (or nearest equivalent)”, the threshold for a BER assessment will be correspondingly different, and higher.

When he bought the policy Mr W selected ‘New for Old’ and £40,000 as the “Sum Insured”. So, I think Mr W intended to insure his caravan at the value it would cost to replace it with a new equivalent model, and not its current market value. This means that the relevant benchmark for the ‘written off’ assessment is the new value, and it would only fairly be classed as BER where the reasonable estimated repair costs are more than or close to the cost of replacing the caravan “as new”, not just more than the caravan’s depreciation or market value.

The most recent estimate for repair costs was produced by Mr W’s contractor, for AmTrust, in October 2025 and was £11,900 plus VAT. Although this is significantly more than the estimated market value (£5,500), this estimate is approximately 22% of the sum it would cost AmTrust to settle Mr W’s claim with a new caravan (£63,675).

I appreciate that Mr W is concerned that the repairs to his caravan will not restore it exactly to its pre-loss condition because the original manufacturer's parts are no longer available. But comparing the cost of a new caravan to the October 2025 repairs estimate (or even the higher, September 2025 estimate), I can't say AmTrust has acted unfairly by refusing to class Mr W's caravan as BER. So, I provisionally conclude that AmTrust can fairly settle the claim by arranging to repair the caravan or by offering Mr W a cash settlement to do so.

The current offer from AmTrust is £11,900 plus VAT. If Mr W is unhappy with the current settlement sum offered, or what the scope of works includes, he'll need to make a new complaint to AmTrust about that. I've not considered whether the sum offered is fair. As explained, what I've considered is Mr W's complaint that AmTrust offered to repair, rather than replace the damaged caravan.

The handling of the claim from December 2024 to 2 June 2025

Turning to how Mr W's claim was handled up until June 2025, I provisionally find that the handling of this claim could have been significantly better. From the outset, in December 2024, AmTrust didn't get to grips with the difficulties posed by the location of Mr W's caravan and the availability of suitable contractors to assess the damage. So, it wasn't until April 2025 that an assessor visited the site on behalf of the loss adjuster. Whilst I acknowledge that some of this delay was due to having to address the site owners' access requirements, a delay of four months to get the caravan formally assessed wasn't reasonable and caused Mr W understandable frustration. I'm aware that Mr W suffered a significant health event in March 2025, and the lack of progress with this claim became another thing for him to deal with at an already difficult and stressful time.

AmTrust's loss adjuster also caused confusion when, in May 2025, it gave Mr W the impression that his caravan had been assessed as BER. It also didn't clearly explain why Mr W wasn't entitled to a new caravan in those circumstances, leading Mr W to believe strongly he'd been denied what he'd paid for.

AmTrust has offered Mr W a total of £650 in recognition of avoidable delays, poor claim handling, and for the loss adjuster erroneously suggesting the caravan had been assessed as BER in May 2025. It offered him £150 in February 2025, £300 in June 2025, and £200 in November 2025. It's also recently agreed that it won't be reducing the amount it pays for the claim on the basis that Mr W, by selecting a sum insured of £40,000, was underinsured at the time the damage occurred.

I think this is fair. I'm persuaded that £650, along with the undertaking not to make a proportional reduction to the final settlement, recognises the considerable distress Mr W experienced through the poor handling of his claim, but also that the outcome of the claim remains unchanged – AmTrust can fairly settle the claim by repairing it, or paying for repairs.

For completeness, I find no basis on which AmTrust should be liable for Mr W's secured loan arrears.

Putting things right

AmTrust has already made an offer to pay Mr W £650 to compensate him for the distress and inconvenience its handling of the claim until June 2025 caused. It's also agreed to pay for repairing Mr W's caravan without making an underinsurance reduction. I think this offer is fair in all the circumstances. My understanding is that AmTrust has already paid Mr W £450 of the compensation offered – I invite the parties to confirm this in response to this decision."

In response to my provisional decision, AmTrust confirmed that it has already paid Mr W £450 of the compensation offered, but that the £200 offered to him on 14 November 2025

specifically for the loss adjuster's initial incorrect assessment of the claim, has not been accepted by Mr W or paid.

Mr and Mrs W rejected my provisional decision. They made the following points:

- The cost of the repairs is disproportionate to the value of the caravan and combined with the cost of further storm damage claims the caravan should be deemed BER.
- The policy isn't transparent and fair – BER should mean when repairs exceed market value. BER is a widely understood insurance principle where repair costs outweigh market value.
- Forcing acceptance of repairs that cost three times the caravan's worth, is unfair.
- 'New for Old' policies are designed to provide a replacement when damage is severe. Insisting on repairs undermines the purpose of the policy.
- A write-off in caravan insurance occurs when repair costs exceed the caravan's pre-accident market value. Once the caravan is declared a total loss, the insurer must provide a new replacement or pay the full replacement cost up to the policy limit and cannot rely on market value to reduce the payout, especially where the customer is vulnerable.
- The decision is unreasonable because Mr W is a vulnerable customer – the decision causes significant hardship.
- The outcome is absurd. New for old must mean replacement when repairs exceed value. This is not insurance, it's injustice.
- AmTrust put the onus on Mr W to find contractors, and AmTrust asked him to assess his caravan for damage whilst he was severely unwell.

Although I've summarised the key points of their response here, I have considered all the submissions made.

I am now able to make my final 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 see no reason to depart from the findings I set out in my provisional decision. Although I'm sorry this will disappoint Mr and Mrs W to hear, neither party has made any submissions in response to my provisional decision which have led me to conclude that my provisional findings should be changed.

To start with I would like to re-iterate that this decision is only concerned with the events prior to June 2025, and AmTrust's refusal to pay for a new caravan under the policy. So, any issues experienced with finding contractors after June 2025 are not in scope. Neither are any later storm damage events.

The policy is clear in my view that if the caravan can be repaired, the insurer's liability is to pay the cost of repairing this damage. And the new for old cover only becomes the basis for settlement where the caravan is deemed BER. The main question for me to determine, therefore, is have AmTrust acted fairly and reasonably by not deeming the caravan as BER and offering to settle the claim by repairing it, or paying for repairs, rather than providing a new replacement caravan?

As I explained in my provisional decision, I think AmTrust have acted fairly and reasonably. The current estimate for repair stands at approximately 22% of the sum it would cost AmTrust to settle Mr W's claim with a new caravan, and that makes repairing it an economical and reasonable option. I appreciate that Mr and Mrs W strongly disagree

because the cost of repairing it is significantly more than the current market or depreciation value. But that's not the right test here. The test for BER is not universally current market value and I can't say AmTrust is being unreasonable by taking the more cost-effective approach. The caravan can be repaired, so the insurer is allowed to offer that settlement rather than a new caravan.

I've thought carefully about Mr W's personal circumstances when making this decision. As I acknowledged in my provisional decision, he suffered a significant health event in or around March 2025 and I recognise he's found dealing with this claim particularly stressful in these circumstances. I've found that the handling of the claim from December 2024 to 2 June 2025 could have been significantly better, and I remain of that view. AmTrust was slow to get the caravan assessed initially, and the claim didn't progress, causing Mr W understandable frustration. And then, in May 2025, the loss adjuster failed to explain whether the caravan was deemed BER or not and failed to give a clear explanation to Mr W for why he wouldn't be getting a new caravan.

But these failings on AmTrust's part, in the handling of the claim, do not mean that the outcome of the claim should be changed. Ultimately, the question of Mr W's entitlement under the policy is separate to concerns about how the claim has been administratively handled. And I can't say that Mr W should receive a new caravan he wouldn't otherwise be entitled to under the policy simply because the claim handling has been poor. Similarly, I can't say the policy entitles him to a new caravan on the basis that due to his personal circumstances, he is a vulnerable customer. In terms of the claim outcome, I don't agree he's been treated unfairly.

AmTrust has offered Mr W a total of £650 in recognition of avoidable delays, poor claim handling, and for the loss adjuster erroneously suggesting the caravan had been assessed as BER in May 2025. It's also agreed that it won't be reducing the amount it pays for the claim on the basis that Mr W, by selecting a sum insured of £40,000, was underinsured at the time the damage occurred.

I think this is fair. I'm persuaded that £650, along with the undertaking not to make a proportional reduction to the final settlement, recognises the considerable distress Mr W experienced through the poor handling of his claim, but also that the outcome of the claim remains unchanged – AmTrust can fairly settle the claim by repairing it, or paying for repairs.

For completeness, I find no basis on which AmTrust should be liable for Mr W's secured loan arrears.

Putting things right

AmTrust has already made an offer to pay Mr W £650 to compensate him for the distress and inconvenience its handling of the claim until June 2025 caused. £450 of this has already been paid, leaving £200 outstanding. It's also agreed to pay for repairing Mr W's caravan without making an underinsurance reduction. I think this offer is fair in all the circumstances.

My final decision

I partly uphold Mr and Mrs W's complaint. AmTrust Specialty Limited should pay the outstanding £200 compensation and settle the claim by paying to repair the caravan without making an underinsurance reduction.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs W to accept or reject my decision before 19 January 2026.

Beth Wilcox
Ombudsman