

The complaint

Mr E and Mrs M have complained that INTACT INSURANCE UK LIMITED unfairly and unreasonably failed to provide the 'new for old sum' insured by their caravan insurance policy, when their caravan sustained damage from a flying gazebo on the caravan site during a storm.

For ease of reference, I shall just refer to Mrs M as she has been our main contact throughout.

What happened

During the weekend of 19 to 21 October 2024, Mrs M's static caravan was damaged by her neighbour's gazebo in the caravan site during a storm. The gazebo repeatedly hammered the caravan causing 104 holes. The incident continued for several weeks until the gazebo was removed on 17 November 2024.

Mrs M made a claim for the damage to the broker or policy administrator and said she was told to patch up the damage and obtain her own quote for repair. No emergency repairs were offered for her caravan, despite the policy providing this.

Mrs M obtained a quote from a company I shall call W. W said the caravan was a total loss. Then as the broker or the policy administrator had passed Mrs M's claim to INTACT it then said it was obtaining a quote from a company I shall call J. Nothing progressed until Mrs M chased INTACT. It turned out that J also said the caravan was a total loss.

Mrs M said the market value of her caravan was around £10,000. However INTACT wanted to repair the caravan on the basis of the repair costs detailed by W which were in the region of £11,150 and which were less than that supplied by J, despite these repair costs being in excess of the market value as detailed by W and subsequently J.

Mrs M then asked for a cash settlement and INTACT offered her the repair costs of £11,150. Mrs M disagreed this was fair as first she had a 'new for old' policy and she also had other heads of claim, namely the ground rent, which is insured up to a maximum of £2,500, costs of emergency repairs, removal of debris, disconnection and reconnection of services delivery and re-siting charges. Along with something for loss of enjoyment and the stress and inconvenience of the delay. Also there is internal damage to the caravan from damp caused by water ingress given the damage from the gazebo. A specialist damp report might be necessary given the health and safety concerns from the damp. Mrs M said INTACT weren't interested in these other heads of damage.

However, Mrs M is adamant that given the market value of her caravan and that her policy provides 'new for old' replacement when a caravan is confirmed to be a total loss, she is entitled to the new for old sum assured.

INTACT believed the sum insured of £50,000 was the market value of Mrs M's caravan so the repair costs as estimated by W and J of circa £11,150 or £11,475 was far below the

market value of £50,000. If INTACT are correct then Mrs M maintained she was mis-sold the policy and she complained.

INTACT didn't uphold the complaint in its final response letter, as it said the repairs were feasible as the costs were well below the sum insured of £50,000. Dissatisfied, Mrs M brought her complaint to us. Additionally, the manufacturers of Mrs M's caravan have now gone out of business so getting parts to fit the caravan might be problematical.

Ultimately the investigator didn't uphold Mrs M's complaint. It also appeared that INTACT hadn't fully appreciated the sum insured on the policy of £50,000 was not the market value of Mrs M's caravan but the sum insured for the purposes of a 'new for old' caravan. However then INTACT said the market value of the caravan was £19,995.

Mrs M didn't agree this market valuation as they bought the caravan in 2019 for £26,000. So on this basis, her complaint was referred to me to make a decision.

I issued a provisional decision on 4 December 2025. In summary, I said the following:

Policy definitions and terms

In the policy document, 'market value' is defined as:

'The cost of replacing Your Structure with one of the same age and similar type and condition, on the park confirmed on Your Schedule. The cost of replacing Your Contents and Personal Possessions as new, less a deduction for wear and tear and depreciation.'

New for old is defined as:

'The cost of replacing Your Structure/Contents/Personal Possessions with a brand new equivalent on the park, confirmed on Your Schedule, in the event of a total loss claim.'

Under 'how we will settle your claim', it says the following:

'Market Value

- *If replacement of Contents or Personal Possessions is necessary, We will pay the Market Value (unless the New for Old clause is operative).*
- *If Your Structure, Contents or Personal Possessions are Damaged and the cost of repair exceeds the Market Value, or are stolen and not recovered, We will pay the Market Value (unless the New for Old clause is operative).*

...

New for Old

If Your Structure is damaged and repairs cannot be carried out or it is stolen and not recovered, We will pay for replacement with a new one of the same make and model (or the nearest equivalent make and model).

...

*It is Your responsibility to ensure that the sum insured shown in Your Schedule represents the **new replacement cost of Your property**, [my emphasis] as We will not pay more than the sum insured.'*

I can see there appeared to be much confusion as to what the sum assured of £50,000 equated. The schedule explains that Mrs M was insuring a 2 bed static caravan manufactured by a company I shall call A in 2010. The cover basis was 'new for old' with the age limit being 15 years from the date the structure was manufactured. As the damage occurred in 2024 and the caravan was manufactured in 2010, then the 'new for old' cover is applicable here. The structure is insured up to £50,000 for the new caravan.

INTACT's approach

INTACT said to the investigator that new for old cover will only apply if the caravan is BER meaning 'beyond economic repair' and is a total loss.

INTACT also said to the investigator 'the sum insured for the static is £50,000 on a NFO [new for old] basis. For a claim to be a total loss the repair cost has to be in excess of the Sum Insured, being £50,000.'

INTACT also decided despite instructing J that the market value was £19,995 based on a three bedroomed caravan.

My provisional findings

INTACT's approach can't be correct as Mrs M bought her caravan for £26,000 in 2019 so she would never insure it for £50,000 in this kind of way, as that makes no sense. Her policy is insuring the new for old value at £50,000. Further the policy clearly details as I said above that the sum insured is for the **new** replacement cost of the caravan.

Total loss is not defined in the policy however 'market value' is. In all areas of insurance items insured are deemed a 'total loss' when the repair costs exceed the 'market value' and in many cases when the repair costs hit a higher percentage of the market value amount also.

W instructed by Mrs M, J instructed by INTACT and indeed the caravan park themselves have all said the market value of Mrs M's caravan (valued immediately prior to the loss date) was no more than £10,000. W also estimated the repair as £11,150 and J estimated them as £11,475. Mrs M has indicated in September 2025, that W has estimated the damp rectification issues from the 104 holes in the caravan will cost £2,510 in addition. The repair costs clearly exceed the market value so this caravan is a total loss in insurance terms. There was no merit in INTACT's notional figure of £19,995 being the market value of Mrs M's caravan. Its expert J clearly thought it was £10,000 and the adverts referred to by INTACT referred to three bedroomed caravans whereas Mrs M's caravan was a two bedroom caravan.

On that basis, the policy terms say the 'new for old' clause has to be operative and that means INTACT should honour its policy, my initial view was that Mrs M was due the sum of £50,000 with interest.

Mrs M had detailed out other costs also covered by the policy as detailed above and I felt these should be assessed by INTACT and refunded with interest or paid direct.

I considered INTACT's delay caused Mr E and Mrs M some considerable distress and upset so I thought a compensation payment of £450 was fair and reasonable as it was in line with our approach more fully detailed on our website.

Response from Mrs M

Her desired outcome was a new caravan on a different caravan park since her relationship with this caravan park had now completely broken down and it said it wouldn't allow her to put a new caravan on its site.

And she queried whether it was a cash settlement or a new caravan. She felt if it was a cash settlement she would only get the market value of her caravan. She was also concerned that she couldn't access the discounted prices from caravan suppliers/manufacturers that caravan park owners can do. She needed clarity on what would happen to the removal costs of getting rid of her old caravan if she took a cash settlement too as she understood from the claims handler if she accepted a cash settlement she would be left with all these removal costs of the old caravan.

She was concerned about what is happening with her uninsured losses such as the excess as INTACT said it would recover these but she has heard nothing. She also had further uninsured losses too.

She reiterated all the costs this covered which INTACT was ignoring and failing to deal with.

Response from INTACT

INTACT then decided that it considered total loss as meaning the cost of repairs needed to be over 80% of the new replacement value. It decided that a new replacement market value would be in excess of £20,000 for a caravan the same as Mrs M's. So if all the costs were added together the total repair costs are under 80% of £20,000 so the caravan should still be repaired. However it noted this was just an example as a newer model caravan of the same make had been listed for £59,995. So it remained of the view Mrs M's caravan was not a total loss.

A second Provisional decision was issued on 8 January 2026.

I maintained that as J instructed by INTACT and W instructed by Mr M plus the caravan park all agreed Mrs M's caravan first was a total loss given the repair costs as detailed by both W and J and secondly that its market value immediately before the incident was no more than £10,000.

I didn't agree with its costs on what a new caravan might be, given INTACT had provided figures as low as £20,000 and as high as £59,995.

So I considered the correct approach was that Mrs M is entitled to a new caravan of the same make and model of the original one and if that's not available the nearest equivalent up to the sum insured of £50,000. That would mean Mrs M's caravan would become the property of INTACT and it would then be responsible for any removal costs.

Given INTACT's comparable examples, at times, of three bedroomed caravans instead of two bedroomed caravans, I felt it was better for Mrs M to provide some figures and examples for INTACT to consider.

I remained of the view that Mrs M needed to claim for her other losses also covered under this policy and that INTACT should consider them under the policy terms with a view to paying them or refunding Mrs M any costs she had paid with interest.

I explained that no insurer is under any duty with the policy terms to cover uninsured losses as they are the responsibility of the gazebo owner's insurers to cover instead. I explained that it is standard for insurers, when recouping their losses in paying the claim of their own policyholder from the other party's insurers, to include the uninsured losses of their own policyholder also.

I remained of the view that compensation was payable from INTACT to Mr E and Mrs M and I maintained the reasonable figure for that was £450 as that was in line with our approach.

Response from INTACT

INTACT continued to insist it could choose to repair the caravan if the costs, method and/or repair is reasonable. It said it was allowed to consider to repair the caravan because the sum insured is so much higher than a market value policy. On a market value policy if the repair costs exceed 80% of the market value it can't consider allowing the repairs as the sum insured is much lower. So on this basis it can insist on a repair as it's still within the £50,000 sum insured. To do otherwise means it is moving away from treating these claims alike within its best practice. It is happy to accept the higher repair costs taking additional items into account but it maintains the caravan can be repaired and this should be fully explored.

Response from Mrs M

Mrs M sent us several quotes of similar caravans on different sites.

She said she didn't understand why the cash settlement option wasn't now recommended. She would like it reinstated as they have lost their appetite for the whole caravan park industry.

She also felt the compensation I was suggesting was far too low. Initially she had been asked by the policy administrator (so not INTACT) to write in explaining why she thought the policy wording was so poor given her legal qualifications. It took her many, many, hours and the adviser became defensive and didn't uphold her complaint at that stage.

She remains very concerned about all the other costs under the policy which INTACT have not yet addressed. Her annual ground rent fees are due on 4 February so those costs will be now over three different ground rent years. She has Wi-Fi at her caravan on a two year contract and so she has lost out the usage of that. She will also have furniture and storage costs too and many of her costs are not yet quantified.

She disagrees INTACT are under no duty to cover uninsured losses as the gazebo owners are also insured by INTACT too so there is a considerable risk of a conflict of interest. It also appears INTACT's solicitors work in the same building as the policy administrators causing potentially more conflict of interest concerns.

She thinks her new caravan should be on another site which I hadn't specified. She said this is important since her relationship with the caravan park owners has completely broken down. Many other parks have less 'pull on fees' too. She noted that she would then also have further costs as she wouldn't be able to reuse the skirting and the decking. She can't access the discounts which caravan park owners can on new caravans either.

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 again, I am maintaining an uphold on this complaint.

I am conscious this will be upsetting for Mrs M, but I can only deal with the substance of her complaint here, which was detailed on her complaint form and to which INTACT then responded. Namely, that her complaint was that this policy covered a 'new for old' caravan in her particular circumstances since hers was rendered a total loss by the damage incurred by another site member's illegal gazebo. That is the limit of my authority.

So I can't deal with which caravan INTACT should effectively buy for Mrs M, as I can't undertake actual claims handling as I am not a claims handling professional, instead I am charged to resolve the actual dispute brought before me. So it may be that Mrs M might have to make further complaints about other aspects, which I appreciate is upsetting and distressing for Mrs M, but our rules strictly limit me to only concerning myself with what was complained about, when Mrs M brought her complaint to us, and to which INTACT responded.

And since the policy doesn't provide for a cash settlement like I originally felt it possibly did, I now can't deal with the notion of the cash settlement, which Mrs M had previously objected to for valid reasons, at that time too. Further I can't deal with the uninsured losses since this complaint is about what the policy insured, not the uninsured aspects of Mrs M's claim to INTACT which must be separated from her complaint before this service. Again, I am constrained to the ambit of the complaint first brought to me, which concerned the policy provisions only. It remains the practice that insurers do include their policyholder's uninsured losses in their own claim against the other party's insurers to recoup their losses, given the relevant court procedural rules on such matters.

I remain of the view that Mrs M's caravan is a total loss as the repair costs exceed the market value of the caravan. The policy clearly says, 'new for old' which Mrs M insured her caravan for means *'the cost of replacing Your Structure/Contents/Personal Possessions with a brand new equivalent on the park, confirmed on Your Schedule, in the event of a total loss claim* [my emphasis].'

The policy simply doesn't say what INTACT said namely that 'it could choose to repair the caravan if the costs, method and/or repair is reasonable when compared to the new cost. It said it was allowed to consider to repair the caravan because the sum insured is so much higher than a market value policy. So on this basis it can insist on a repair as it's still within the £50,000 sum insured.' I consider that INTACT has persisted in saying this policy says all sorts of different things throughout this complaint's journey through this service, from the repairs needing to be over £50,000 (being the sum insured) before it would pay anything to Mrs M, all the way down to this mythical notion that the market value of her caravan is somewhere around £20,000 (with no evidence to support this valuation) so that means it should still be repaired now. And there is no evidence especially from their own expert or indeed the actual caravan park, which at all backs up what INTACT are now saying either, both of them being expert in valuing caravans and estimating repair costs too to include noting when one is a total loss. If INTACT wants to sell or deal with a policy on those terms, it first needs to write a policy with those terms in it. May I remind the parties that if Mrs M accepts this decision, INTACT are legally bound by it too.

It's clear to me that the relationship between Mrs M and the holiday park has clearly broken down. So whilst the policy says the replacement with a new caravan would be on the same park, I also have a fair and reasonable ambit within the powers conferred on me by our rules and I consider the fair and reasonable way forward is for this new caravan to be sited on a site of Mrs M's choosing, which as she says often have lower 'pull on charges' too. I further consider it is for Mrs M to put forward the caravans of her choice which is as close to the specifications of her original caravan as possible (since new caravans by the same manufacturer might be short in supply given it has stopped manufacturing them) and within the policy sum insured limit of £50,000 for INTACT to consider under its remaining claims handling duties. Given how long this claim has been ongoing now due to how long INTACT have refused to settle Mrs M's claim, if a new caravan was £50,000 when Mrs M made her claim but is now £60,000 for example, I consider it's also fair and reasonable for INTACT to pay the current replacement cost even if it's higher than the strict schedule amount. It remains that Mrs M's caravan then becomes the property of INTACT and they are responsible for all the disposal costs etc too. Once that has been achieved, Mrs M can of course do whatever she likes with the caravan to include selling it if she wants to.

It remains that Mrs M's further claims covered under the remaining policy conditions such as ground rent, costs of emergency repairs, removal of debris, disconnection and reconnection of services delivery and re-siting charges and other fees which are covered by this policy, should be covered and paid for by INTACT. If Mrs M has paid any of them the refund INTACT pays Mrs M needs to include interest as I've detailed below. If they are not paid Mrs M remains free to bring a further complaint against INTACT and if it fails to resolve it, she can of course bring her further complaint to us, explaining she had this complaint initially adjudicated and resolved too.

So that leaves me with the compensation element. I appreciate Mrs M's thoughts on the amount I have previously suggested. It remains that compensation is not a fine or punishment on any business for its actual or alleged transgressions. Our approach to compensation is clearly set out in our website. So I remain of the view that the amount of £450 compensation is fair and reasonable in those circumstances for the trouble and upset Mrs M (and Mr E) have been put to in the delays and confusion by INTACT over what this policy provides for and how. Mrs M might well have further compensation elements concerning her uninsured losses which can be covered off when those are being decided.

My final decision

So for these reasons, it's my final decision that I intend to uphold this complaint.

I now require INTACT INSURANCE UK LIMITED to do the following:

- Replace Mr E and Mrs M's caravan with a new caravan with the same specifications as her original caravan up to the sum assured of £50,000 on a park of Mr E and Mrs M's choosing. If, however, a new one was £50,000 when the claim was made, but is now £60,000 for example, given the delay, INTACT needs to pay the higher sum on a fair and reasonable basis given the delays in settling Mr E and Mrs M's claim.
- On Mr E and Mrs M detailing out the other claimable costs under the policy to include the payment of ground rent, costs of emergency repairs, removal of debris, disconnection and reconnection of services delivery and re-siting charges and other fees which are covered by this policy, INTACT should assess the same with a view to paying them and/or refunding them if Mrs M has already paid them. Interest of 8% simple should be added to any refund to Mrs M from the date she paid them to the date INTACT refunds her.
- If income tax is to be deducted from the interest, appropriate documentation should be provided to Mr E and Mrs M for HMRC purposes.
- Pay Mr E and Mrs M the sum of £450 compensation for the distress and upset it caused them.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E and Mrs M to accept or reject my decision before 27 February 2026.

Rona Doyle
Ombudsman