

## **The complaint**

Mr S complains that Red Sands Insurance Company (Europe) Limited mishandled his claim on a motor insurance policy.

## **What happened**

The subject matter of the claim and the complaint is a hatchback car, first registered in 2017.

Mr S acquired the car in late November 2022. At that time, Mr S paid about £425.00 for three years' "SMART" insurance for costs of repair to minor dents, light scratches, light scuffs and chips as a result of accidental damage. There was an aggregate claim limit of £3,000.00.

The policy was in the name of a company acting as administrator. Red Sands was the insurance company that was responsible for dealing with any claim. A nominated repairer was to carry out any repairs.

Much of the complaint is about acts or omissions of the administrator. Insofar as I hold Red Sands responsible for such acts or omissions, I will refer to them as acts or omissions of Red Sands.

In late February 2023, Mr S claimed on the policy. Red Sands arranged repair and paid the repairer.

Mr S made another claim in mid-April 2023. Red Sands approved repair.

But Red Sands told Mr S that he had almost reached the claim limit of £3,000.00. Mr S complained to Red Sands about that.

By a final response dated late April 2023, Red Sands said that the repairer charged £148.20 for each repair/claim. The final response listed 18 claims Mr S had made in February 2023 and the claim in April 2023. Those 19 claims totalled £2,815.80. Red Sands turned down the complaint.

Mr S and Red Sands exchanged some further emails.

Mr S brought his complaint to us in late May 2023.

Our investigator didn't recommend that the complaint should be upheld. He didn't think that Red Sands had done anything wrong.

Mr S disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- It is outrageous that the same charge which seemingly is reasonable has been applied irrespective of whether the repair concerned a small dot of rust or a larger damage.

- The terms and conditions adopted by this insurer, specifically in relation to their charges appears to be at odds with other providers.
- Obviously, the actual cost of each repair might differ, and it is a blatant sham to be applying a universal charge.
- The policy documentation should've mentioned the repairer's £148.20 charge to ensure clarity, but it didn't.

### **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.

The Financial Ombudsman Service deals with a consumer's complaint about regulated (or ancillary) activities by a regulated financial firm.

I don't consider that we have the power to investigate the fairness of the standard pricing structure agreed between Red Sands and its nominated repairer. In any event, I would consider that a standard charge of £148.20 didn't treat Mr S unfairly as it applied equally to all other policyholders.

Different insurers may have different policy terms. That doesn't persuade me that the Red Sands policy terms treated Mr C unfairly.

I wouldn't expect the policy documents to state the pricing structure for repairs - especially in a three-year policy in a time of generally rising prices.

From the photographs, I'm satisfied that in February 2023, Mr S claimed for repair of damage which – under the policy terms – was 18 separate chips, scuffs and scratches (and no dents). Under the arrangements between Red Sands and its repairer, each of the 18 items attracted a charge of £148.20, so the total was £2,667.60.

The April 2023 claim took the total to £2,815.80, close to the claim limit of £3,000.00.

I can see why Mr S was unhappy that the claim limit wasn't likely to last for the three years. However, I'm satisfied that Red Sands handled the claims in line with the policy terms. So I don't consider that Red Sands treated Mr S unfairly.

Also, I note that, after the final response, Red Sands told Mr S that the repairer had refunded 3 of the charges of £148.20 (£444.60), so they had been added back to the remaining balance of the £3,000.00 limit (or, as I would say, deducted from his claims total).

In conclusion, I haven't found that Red Sands treated Mr S unfairly. So I don't find it fair and reasonable to direct Red Sands to do any more in response to this complaint.

### **My final decision**

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct Red Sands Insurance Company (Europe) Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 December 2023.

Christopher Gilbert

**Ombudsman**