

The complaint

Mr F complained that Red Sands Insurance Company (Europe) Limited declined his claim under his mechanical breakdown motor insurance policy.

What happened

Mr F wanted Red Sands to repair his car's gearbox under his policy. But Red Sands said the gearbox problem wasn't covered by the policy as the gearbox hadn't suffered sudden mechanical breakdown. Red Sands thought the gearbox problem was more likely due to wear and tear. Mr F complained to Red Sands, and then to us.

The investigator didn't recommend that Mr F's complaint be upheld. She thought Red Sands had acted fairly and in line with the policy terms. Mr F didn't agree and so the complaint was passed to me to decide.

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.

We don't assess how damage to a car has been caused as this is a matter for the experts in these situations, the insurance companies, and engineers. Our role in these complaints is to determine whether an insurer has considered all the available evidence and whether it can justify its decision not to pay under a warranty for repairs. We look at all the available evidence - including anything provided by the consumer, the insurer, and the repairer.

I've looked at Mr F's policy. It covers mechanical breakdown which is defined as *"the failure of a mechanical or electrical component, causing a sudden stoppage of its function, for a reason other than deterioration or negligence."*

The components (or parts) covered by the policy include, amongst others, the clutch and gearbox. The policy says on page five, under the heading *'What is not covered'* that the warranty does not cover *"Wear and tear or the gradual reduction in performance due to the age and mileage of the vehicle"*. Wear and tear is defined as the expected or gradual reduction or deterioration in performance or function of a component due to the vehicle's age and/or mileage and/or usage.

These terms are commonplace in warranty policies, and I think the terms were clear, and not unreasonable. By taking out the policy Mr F had agreed to them.

Mr F's car's clutch had failed and Red Sands paid for its repair then under the policy. Mr F said that after he got his car back from the garage it had a problem with its gearbox which hadn't been there before. Mr F thought that the gearbox problem must have been due to the clutch failure and so Red Sands should repair the gearbox too.

Mr F's garage's technician thought that the gearbox problem could have been caused by the clutch issue, but couldn't confirm that, and noted that the gearbox parts were worn. Red Sands said this meant that the gearbox problem was more likely due to wear and tear and that there wasn't enough evidence to say that the clutch failure and the gearbox problem were linked. There was no conclusive expert evidence either way. Mr F felt he shouldn't be disadvantaged because of that. He felt that the two problems must have been linked, as the gearbox problem hadn't been there before.

But Red Sands said that the gearbox problem still wasn't covered by the policy, even if there were a connection between the clutch issue and the gearbox problem, and even if the gearbox problem hadn't been caused by wear and tear. This was because the gearbox hadn't failed causing its sudden stoppage of its function. Mr F had got it back from the garage after the clutch repair and noticed the gearbox problem a short time later. During this time, despite the gearbox problem, his car had still been driveable and had done about 600 miles. That's not to suggest that Mr F did anything wrong by driving the car. It just shows that the gearbox hadn't suddenly failed causing its sudden stoppage, and it was still working, although not working properly, after the clutch was repaired. There was no sudden stoppage of the gearbox.

I realise it must be distressing for Mr F to have these problems with his car, and I think that Red Sands could have been better at explaining to him earlier why they were declining his claim. But I can't say that it was unfair of Red Sands to decline it. As it hasn't been shown that the gearbox failed causing it to suddenly stop to function, the gearbox problem wasn't covered by the policy. For that reason, I won't be asking Red Sands to do anything else.

My final decision

For the reasons given above, my final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 26 December 2023.



Rosslyn Scott
Ombudsman