

The complaint

Mr B complains he lost out financially because Endsleigh Insurance Services Limited didn't tell him about a known issue with its telematics motor insurance system.

What happened

In August 2020 Mr B took out a telematics motor insurance policy. It was arranged and administered by Endsleigh (operating under a trading name). The policy required a telematics box to be fitted to his car. It monitored aspects of the car's use including speed, acceleration and time of use. The data was used to inform the price charged for the cover.

In February 2021 Mr B contacted Endsleigh, via a live chat system, to explain the telematics box had been setting off his car's alarm. He explained a garage had charged him more than £400 to diagnose the problem. He asked to be reimbursed those funds. Mr B asked if he could be covered without the box fitted to the car. As he wasn't provided with an answer he cancelled the policy. He refused to pay an outstanding balance of about £70. That included various cancellation fees.

Mr B went on to complain. He said Endsleigh knew the telematics system could cause problems with alarms. He felt it had deliberately withheld that information from him when selling the cover. He was unhappy with the service provided by its live chat system.

In March 2021 Endsleigh responded to Mr B's complaint. It said information from his garage didn't support his claim that the box had caused the alarm to go off. Instead it felt the report indicated the problem was caused by water in the car's boot. It didn't accept it had deliberately withheld information on the problem. Endsleigh said cancellation fees had been applied in line with the terms and conditions. It accepted there had been a failure to initially log Mr B's concerns. To recognise that it waived £25 of the amount it said he owed – leaving a balance of about £48.

Mr B then provided further information from his garage. In response Endsleigh offered to pay 50% (£120) of garage's investigation charge, waive a cancellation charge of £80 and pay a further £100 distress and inconvenience. That would mean instead of an outstanding balance Mr B would receive a payment of about £250. It also said it would pay a further £50 refund for the box on its return.

That revised offer wasn't accepted by Mr B. He felt it wasn't enough to compensate him for the disturbance caused by the alarm going off and resulting problems with his neighbours. He was still upset about Endsleigh withholding information from him when selling the policy. He wanted it to reimburse him more of the garage's charge, not just £120.

After our investigator became involved Endsleigh agreed to pay a further £120 towards the garage's costs. That would mean the full £240 investigation costs being reimbursed. The payment to Mr B would be about £372 – plus a further £50 on return of the box.

Mr B didn't accept that. He asked that Endsleigh reimburse a further £228 charged by the garage. That was for work related to the boot of the car. Our investigator didn't recommend

Endsleigh cover those costs. He disagreed with the investigator's opinion that he had benefited from the work on the boot. He said the repair was directly linked to the alarm issue so Endsleigh should reimburse the cost. The complaint was then passed to me to decide.

In February 2022 I explained my initial thoughts to Mr B and Endsleigh. I said I accepted it's possible, had Endsleigh told Mr B the telematics box might cause problems with the alarm, that he wouldn't have asked the garage to investigate. I said if that had been the case, he wouldn't have been charged £240 for it investigating the alarm fault. I said as Endsleigh's agreed to reimburse him that cost it's not an issue I need to consider.

I explained I understood the key outstanding issue for Mr B to be Endsleigh not agreeing to pay him £228 charged, as part of the same investigation, for repairs to the car's boot latch, drainage pipe and wiring. I accepted it was possible Mr B wouldn't, without the alarm issue, have paid for repairs to the boot latch, drainage pipe and wiring in February 2021.

I said, however, the drainage pipe problem, according to his garage's invoice, was causing water to leak into the boot and latch. I noted water had contaminated wiring. So I said I thought it most likely he would, at some point, have become aware of the problem anyway – either from water becoming visible in the boot or from an electrical problem arising from the contaminated wiring.

So I concluded it was most likely Mr B would have had to pay for that work anyway – just at some later date. I said as he had the benefit of what seemed to be necessary work it wouldn't be reasonable for me to require Endsleigh to reimburse its cost.

I concluded that overall I thought Endsleigh had already done enough to make up for any mistakes it might have made. It waived a policy cancellation fee. It will refund a £50 deposit charge for the telematics box on its return. I said I had considered the impact of the alarm going off regularly but felt £125 was fair compensation. I asked Mr B and Endsleigh to provide any further information they would like me to consider.

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.

In response to my initial thoughts Mr B denied he had benefited from the work on the boot. He said the boot latch repair was only carried out as the garage believed it was the cause of the alarm problem.

Mr B provided an email from the garage. It explains a boot catch can sometimes activate alarms, so it had to be replaced to rule it out as a cause. It goes on to confirm the telematics box was the cause of the alarm problem.

I accept the telematics box being responsible for the alarm issue. I've considered Mr B and his garage's latest comments. But I still think it's most likely he would have needed to have the boot related repairs made at some point anyway.

The garage's invoice for the work says, '*stripped boot area and found boot drainage tube leaking and water leaking into the boot, found water in boot latch*'. It says '*...also wiring repair required due to water contamination*'.

The drainage tube was leaking, causing water to build up in the boot. That water was contaminating some wiring. As I've said it's most likely, in my opinion, Mr B would have discovered this problem at some point. That would have been through becoming aware of

the damp boot or experiencing electrical problems from the contaminated wiring. It seems unlikely to me that he wouldn't then arrange for repairs to the drainage tube and wiring.

I note the garage's recent explanation that the boot latch had to be replaced to rule it out as a cause. However, its earlier invoice explains water, due to the leaking drainage tube, was found in the latch. I can't know if it was damaged by the point the garage replaced it. But it seems likely continued exposure to water would lead to damage, to its electronics or other mechanisms, requiring replacement or repair.

So I still think it's most likely Mr B would have had to pay for the boot related work at some point. As he had the benefit of what seems to be necessary work it wouldn't be reasonable for me to require Endsleigh to reimburse the cost.

I haven't seen anything that changes my mind on the other parts of the complaint. Endsleigh's offered enough to put right and recognise the impact of anything it got wrong. So it will need to, if hasn't already, pay Mr B £125 compensation, reimburse him £240 for the investigation, waive the £50 cancellation fee and refund the £50 fee for the telematics box on its return.

My final decision

For the reasons given above, Endsleigh Insurance Services Limited needs to (if it hasn't already):

- pay Mr B £125 compensation,
- reimburse him £240 for the investigation,
- waive the £50 cancellation fee and
- refund the £50 fee for the telematics box if he returns it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 April 2022.

Daniel Martin
Ombudsman