

The complaint

Mr H says that AWP P&C SA (AWP) cancelled his extended motor warranty policy without his knowledge. He's now left with an outstanding bill for work he believed was covered by his extended motor warranty.

What happened

Mr H says he took his car to a dealership in October 2021 whereupon he was told it needed some repairs. Mr H says it came to light during this visit that his extended motor warranty had been cancelled.

Mr H says he was unaware his policy had been cancelled so he complained to AWP. AWP responded and said cover was no longer available to him because of the mileage on his vehicle.

So, Mr H brought his complaint to this service. An investigator reviewed his complaint and upheld it as AWP failed to provide a full explanation about what had happened.

Because AWP didn't engage fully nor did it reply to our information requests, the complaint came to me. I issued a provisional decision on this complaint on 17 November 2022. I said I was going to uphold the complaint in part. The provisional decision is below and forms part of my final decision.

What I've provisionally 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'm planning on upholding this complaint in part. I'll explain why.

Mr H had a pay as you go extended motor warranty policy that was underwritten by AWP. He says he took his car to his dealership in October 2021 and work was required. He says he then found out that his warranty had been cancelled, and this came as a shock.

But this doesn't tie in exactly with the notes on the file. The notes show the policy was cancelled on 7 September 2021. Mr H called on 29 September 2021, but he was disconnected before anything was discussed. Mr H called again the next day and he was told in this call that his warranty product had been discontinued, and he was ineligible for a replacement product - because his vehicle mileage was too high. This was reconfirmed in another call later that same day.

The policy limit is 120k miles, but Mr H says he'd had claims paid recently on his previous policy and his mileage far exceeded 120k when he made those claims. So, he can't understand why his vehicle is now suddenly out of scope for cover. When Mr H complained, AWP only dealt with the mileage issue. It quoted the mileage limitation and all it said was that it couldn't sell or continue with the warranty.

In 2022 the vehicle manufacturer linked to this extended motor warranty conducted a pricing review, and anyone who had the pay as you go policy, like the one Mr H had, was sent a letter asking him/her to contact AWP directly to confirm they were happy to continue under a new pricing structure.

It's not clear what correspondence Mr H received. But in the calls I've listened to Mr H says he received correspondence to say his direct debit had been cancelled. So, it's clear he did receive something from AWP. But instead of explaining to Mr H why his old policy continued to pay out on claims he'd had whilst his vehicle had over 120k miles on the clock, and why now the vehicle manufacturer was restructuring and he would no longer be eligible for a policy, AWP misinterpreted what Mr H was complaining about and frustratingly sent him a final response simply setting out that he was no longer eligible for a policy as per its terms and conditions only. It never explained why.

When I spoke to AWP it acknowledged that it got this wrong. But this doesn't really change the outcome of what happened. In short, the vehicle manufacturer made a decision to discontinue the policy. And under the policy terms it says "If you have a monthly policy we reserve the right to cancel your cover at any time by giving you 30 days' notice in writing to the last address you provided us with". Mr H received a letter to that effect, that's why he called AWP. So, AWP has a right to cancel and it looks like it did so correctly. And unfortunately for Mr H, the vehicle manufacturer has made a commercial decision and it doesn't want to offer cover on vehicles with Mr H's mileage. As such AWP won't be offering Mr H another policy, and it's not obliged to do so.

But a lot of this could have been avoided if AWP had been clearer about what was happening and why. Further to this, when Mr H complained it misinterpreted what he was complaining about and this meant he remained frustrated with questions he had remaining unanswered. It didn't then help that AWP failed to engage with our service, making it even more frustrating for everyone involved.

I know Mr H wants his claim paid and he wants his previous premiums refunded. But I won't be asking AWP to do that. Mr H had no policy in place when he claimed, and he was made aware of this. Although it was never really explained why, Mr H knew he didn't have a policy in place at the time of the claim. Mr H has successfully used the policy previously. So, it wouldn't be fair or reasonable to ask AWP to refund any premiums.

But AWP provided poor customer service to Mr H. It didn't explain clearly why he was no longer eligible for cover; it didn't address his concerns when he complained and there were long unexplained delays in dealing with this complaint. So, I'm going to recommend that AWP pay Mr H £200 for the inconvenience he suffered because of the poor service it provided.

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.

AWP responded to my provisional decision and had nothing further to add.

Mr H also responded. He has asked us to consider awarding £500 for the distress and inconvenience he's been caused. He says it cost a lot more than £200 to repair his vehicle, and he feels that AWP should compensate him with a higher amount for this.

I've taken Mr H's request into consideration and I acknowledge the reasons why Mr H wants more compensation. But as I said in my provisional decision Mr H wasn't on cover when he

attempted to make a claim, and he was aware of this. So, AWP was never in line to pay for any repairs. The compensation award I've recommended is for the poor service provided, and on review I feel that £200 is a fair and reasonable amount for the reasons I've set out in my provisional decision above. As such I'm upholding this complaint in part and I ask AWP to pay Mr H £200 in compensation for the poor service he received.

My final decision

My final decision is that I uphold this complaint in part. I require AWP P&C SA to:

- Pay £200 in compensation for the poor service it provided for the reasons I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 30 December 2022.

Derek Dunne
Ombudsman