

## The complaint

Mr A complains that Mulsanne Insurance Company Limited (Mulsanne) declined to cover his losses following an accident whilst driving abroad, under his motor insurance policy.

## What happened

Mr A was involved in a car accident whilst driving in Europe. His car was damaged, and he says he and his wife were badly hurt. He made a claim to Mulsanne, but it didn't cover his losses or compensate for their injuries.

In its response to Mr A's complaint Mulsanne says its policy terms say he must inform his insurer prior to driving abroad to ensure cover is in place. It says Mr A told it he had tried to call but was unable to speak to someone. As he hadn't made contact to inform it that he intended travelling abroad, Mulsanne says there was no comprehensive cover in place.

Mr A didn't think this was fair and referred the matter to our service. Our investigator didn't uphold his complaint. She thought the policy terms were clear that Mr A needed to notify his insurance intermediary before his journey abroad. Because he didn't, she thought Mulsanne had treated him fairly when relying on its policy terms and not providing comprehensive cover whilst he was driving abroad.

Mr A wasn't satisfied with this outcome and asked for an ombudsman to consider his complaint.

I issued a provisional decision in October 2022 explaining that I was intending to uphold Mr A's complaint. Here's what I said:

### *provisional findings*

*I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*I've read Mr A's policy terms to understand what's expected in these circumstances. The terms under the heading "Section 7 – Foreign use of the insured vehicle" say:*

*"Compulsory Insurance (this legal minimum insurance does not include cover for loss of or damage to your insured vehicle).*

*This policy provides the minimum level of cover in respect of liability which is legally insurable in the country concerned at no additional charge. This legal minimum insurance does not include cover for loss of or damage to the insured vehicle.*

*This cover is available while the insured vehicle is:*

- in any country which is a member of the European Union (EU), Andorra, Gibraltar, Liechtenstein, Monaco, San Marino, Vatican City, Iceland, Norway and Switzerland."*

The terms also say:

*“Full Policy cover*

*In addition to the legal minimum cover shown above, this can be extended to provide the cover shown in your schedule to any member country of the EU and also Andorra, Gibraltar, Liechtenstein, Monaco, San Marino, Vatican City, Iceland, Norway and Switzerland provided that:*

- you notify your insurance intermediary before your journey abroad; and*
- the use of the insured vehicle abroad is limited to no more than 30 days in any one trip and 60 days in total in any one period of insurance.”*

*When he had his accident Mr A was driving in an EU country. This means he was automatically provided with the minimum cover to drive his car under the compulsory insurance. But in the event of an accident any damage to Mr A’s car isn’t covered by the compulsory insurance.*

*Mulsanne says it is only the compulsory cover that was in place, which is why it covered the third party’s losses but not Mr As.*

*The terms also say the full cover shown in Mr A’s schedule can be provided for driving in an EU country provided that he informs his insurance intermediary. I’ve read Mr A’s policy schedule, which says he has comprehensive cover. This means his policy can also provide comprehensive cover when driving in the EU.*

*I asked Mulsanne whether there was an additional cost for providing comprehensive cover for Mr A to drive his car in the EU. I also asked what would happen if Mr A had notified it of his intention to drive abroad.*

*Mulsanne responded to say there is no additional premium for Mr A to drive his car in an EU country. It says this is as long as he complied with the policy condition and informed his insurance intermediary of his intention to drive abroad. Mulsanne says “All Mr [A] had to do was let us know, but he didn’t, so we abided by the policy terms”.*

*I note Mr A’s comments that he tried to call but wasn’t able to get through. He also says that the term relied on by Mulsanne to decline his losses is on page 32 of the policy booklet, which isn’t prominently displayed.*

*The regulations that apply to this complaint are the Financial Conduct Authorities (FCA) Insurance Conduct of Business Sourcebook (ICOBS). The regulations say that it’s unreasonable for an insurer to reject a claim for the breach of a condition unless the circumstances of the claim are connected to the breach.*

*I’ve thought about what this means for Mr A’s claim. Mulsanne confirms Mr A’s policy provides him with comprehensive cover in the EU without any additional premium. So, to decline the claim, it’s relied on the condition that Mr A didn’t inform his insurance intermediary of his intention to drive abroad.*

*Mulsanne hasn’t shown that anything different would have happened, or that it was prejudiced because Mr A hadn’t informed it of his intention to drive in the EU. If for example, he had exceeded the 60-day limit allowed by his policy for foreign driving, and not informed Mulsanne of his intentions, I think this would mean the circumstances were connected to a breach of the policy conditions. But in the circumstances described, I don’t think it was fair*

*for Mulsanne to decline Mr A's claim for losses under its comprehensive cover, simply because it wasn't told he would be driving in an EU country.*

*Having considered all of this I don't think Mulsanne treated Mr A fairly when declining his claim - by relying on its policy condition requiring prior notification of his intention to drive abroad. It should now reconsider his claim under the remaining terms and conditions of the policy.*

*I've also thought about Mr A's comments that he and his wife were hurt in the accident but have been unable to get compensation. This must have been a very upsetting and frustrating experience for Mr A and his wife. To acknowledge the upset and frustration I think it's fair that Mulsanne pays £250 compensation.*

I said I was intending to uphold Mr A's complaint and that Mulsanne should:

- reconsider Mr A's claim without reliance on the condition it used to decline payment for his losses; and
- pay Mr A £250 compensation for the upset and frustration he was caused.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Mulsanne responded to say that it accepted the findings set out in my provisional decision.

Mr A also responded to say he accepted my findings.

### **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.

As neither party has made any further submissions or provided further evidence for me to consider, I see no reason to change my provisional findings.

So, my final decision is the same as my provisional decision and for the same reasons.

### **My final decision**

My final decision is that I uphold this complaint. Mulsanne Insurance Company Limited should:

- reconsider Mr A's claim without reliance on the condition it used to decline payment for his losses; and
- pay Mr A £250 compensation for the upset and frustration he was caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 6 December 2022.

Mike Waldron  
**Ombudsman**