

The complaint

Mr C has complained that Dynamo Cover Limited mis-sold a Roadside Assistance and Recovery policy to him.

What happened

In 2019 Mr C bought a Roadside Assistance and Recovery policy with Dynamo Cover Limited which he says provided nationwide recovery to his home address. Mr C renewed his policy with an administrator on behalf of Dynamo each year.

In April 2022 Mr C broke down approximately 170 miles from home and contacted Dynamo for assistance. Dynamo said it wouldn't provide recovery to his home address as the policy cover he had limited recovery to within 20 miles of his home address.

Mr C thought he had the same level of cover as he'd originally purchased in 2019, which was nationwide recovery. Mr C said it was nearly 5pm when he found out he wasn't covered. He said he was quoted £430 to pay for recovery. So he contacted local garages and found one that would take his car for repairs. He said he had to find accommodation for him and his son to stay in and make alternative work arrangements for the following day.

Mr C complained to Dynamo. He thought Dynamo should have highlighted to him the change in the geographical limits for recovery, given the significance of the change.

Mr C wanted Dynamo to cover his losses and compensate him for the distress and inconvenience caused. Mr C wanted Dynamo to provide a refund for the premium he'd paid since March 2020 as this is when he discovered the level of cover under the policy had significantly reduced and was no longer suitable for his needs.

Dynamo didn't uphold Mr C's complaint. It said it had advised Mr C to check the policy was still suitable for his needs at each renewal. It said in 2022 it could no longer offer Mr C the same policy as before. Dynamo said that as it provided the policy wording, it was for Mr C to check the policy met his needs and to contact it before renewal if the product it offered was no longer suitable. As it had no record of Mr C contacting it, Dynamo said it had acted correctly.

Dynamo said it couldn't consider Mr C's losses - other than his request for reimbursement of overnight accommodation costs and he could make a claim for this.

Mr C didn't agree and asked us to look at his complaint. Our Investigator thought Dynamo had done enough at renewal to make Mr C aware of the changed features of the product.

Mr C didn't agree. In summary he believes Dynamo should have done more to make him aware of the significant change in cover. So he asked for an ombudsman to decide.

I issued a provisional decision on 11 October 2022 as I intended to uphold Mr C's complaint. I didn't think Dynamo had done enough at renewal when the product changed to highlight to Mr C a significant reduction in the level of cover. And I found that although the renewal product provided a similar level of cover to what Mr C previously had, Dynamo had arranged for the cover for Mr C to be set at a much lower level, but for a similar price to what Mr C had paid the year before. I thought this was misleading of Dynamo.

I provisionally decided to ask Dynamo to do the following:

- Meet Mr C's claim under the policy in line with the level of cover described as "National Plus/Personal Plus - Roadside Assistance & Recovery, Nationwide Recovery and Home Assist" under the new 2022 policy as this most closely matched Mr C's demands and needs which hadn't changed - but that Dynamo shouldn't charge Mr C any additional premium for this level of cover.
- Pay Mr C £300 compensation for the distress and inconvenience caused.

Mr C accepted my provisional decision.

Dynamo didn't agree. It provided a detailed response which I've addressed in my findings below.

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.

My findings are as I set out in my provisional findings, but with Dynamo's responses and my conclusions.

When Mr C bought his policy in 2019, he said he opted for national recovery. And he said he'd previously made a successful claim for recovery under a previous product while away from home.

In 2021 - according to the renewal notice provided by Mr C - Dynamo provided a policy which provided 'National' cover. In its response to Mr C's complaint, Dynamo said that although Mr C's online portal described the policy he had from 2021 and 2022 as a 'UK Recovery +' policy, it provided a renewal reminder in 2021 describing the product as 'National.'

I don't have a copy of the policy wording for the product Dynamo provided for Mr C at renewal in 2021. From what I've seen, I don't think it's clear as to what level of cover Mr C had and if this had changed significantly from the cover he had bought in 2019 and 2020.

In response to my provisional decision, Dynamo says;

"The level of cover is denoted on the customer's Schedule of Insurance and lines up with the respective section of the policy wording. "UK Recovery +" is visibly different to "National", so had Mr C taken the time to review the renewal offering he would have seen the cover level is different. Mr C has stated to the Ombudsman Service that he instead believed it to be the same level of cover, but did not check with us – we cannot be held liable with someone proceeding based on an assumption instead of checking."

I've checked Dynamo's policy wording and it provides a definition for 'UK' as "England, Scotland, Wales and Northern Ireland."

But it doesn't provide a definition of what it means by 'National'. It provides a definition for 'Nationwide Recovery' but this doesn't define what it means by 'Nationwide' geographically.

And I think that any reasonable customer would in any event take the meaning of the words 'National' or 'Nationwide' to have geographical cover for the whole of the country.

Businesses are required to highlight to a customer at renewal if the product being offered provides significantly different cover to the customer's existing cover. The Financial Conduct Authority's insurance regulations state (at ICOBS 6.1.5) :

“(1) A firm must ensure that a customer is given appropriate information about a policy in good time and in a comprehensible form so that the customer can make an informed decision about the arrangements proposed.”

With that in mind, I've looked at what Dynamo said at renewal in 2022. It wrote:

“Making the assumption that your details have not changed your renewal quote is: £34.38.

Your Premium last year was: £37.49

A Summary of your cover is below:....

Policy Product: UK Recovery +...

Your Demands and Needs are those of an Individual who has need for Breakdown Insurance. We do not give you advice as to whether this product is suitable for meeting your specific Demands and Needs; you must therefore carefully read the Policy Summary, and particularly the section on exclusions and limitations, to determine whether this product is right for you. It is possible your product or terms may have changed within the last 12 months including changes to either your insurer, the terms & conditions, or both.”

I've looked at the Policy Summary wording provided at renewal in 2022 and I've been unable to find any levels of cover to match “UK Recovery +” as set out in the renewal notice.

The policy product is titled “Dynamo Cover Breakdown Cover”.

The titles for the available levels of cover read as follows:

“National One - Roadside Assistance & Local, Nationwide Recovery and Home Assist

Standard Recovery - Roadside Assistance & Local Recovery

Recovery Plus - Roadside Assistance & Local Recovery and Home Assist
and;

National Plus/Personal Plus - Roadside Assistance & Recovery, Nationwide Recovery and Home Assist”

The policy gives the following definitions:

“Territorial Limits (UK): The United Kingdom, the Isle of Man and (for residents only) the Channel Islands.”

and;

“Nationwide Recovery: If your vehicle cannot be repaired within the same working day, we will arrange to transport your vehicle, you and the passengers to be transported to your home address.”

In my provisional decision I said my understanding from reading the levels of cover available is that ‘Standard Recovery - Roadside Assistance & Local Recovery’ appears to be the only level of cover that is restricted to recovery within a 20 mile radius. I can see no indication that the ‘plus’ levels of cover have the same limit. But this is the restriction which Dynamo applied when Mr C sought assistance under the policy.

In response, Dynamo says:

“Please refer to page 6 of the attached policy wording that was also supplied with the case file request.

As you will see here, “Recovery Plus” is defined as:

"If you have opted and paid for Recovery Plus, this includes all the same benefits as the Standard recovery, with the addition of home assist and the benefits of Alternative Transport, misfuelling cover and Emergency Overnight Accommodation"

If you refer to "Standard Recovery" definition on the page before as this states to do, it defines "Standard Recovery" as:

"In the event of a breakdown which occurs within the territorial limits (UK), and more than 3/4 mile from your home address, the claims administrator will send help to the scene of the breakdown and arrange to pay callout fees and mileage charges needed to repair or assist with the vehicle.

If, in the opinion of the roadside agent they are unable to repair the vehicle at the roadside within 60 minutes the claims administrator will assist in the following way: -

Either:

☐ *Arrange and pay for your vehicle, you and the passengers to be recovered to the nearest suitable garage which can undertake the repair provided this is 20 miles or less from the scene of the breakdown. If the above is not possible at the time, or, the repair cannot be made within the same working day, we will arrange for your vehicle, you and the passengers to be transported to your home or intended destination provided this is 20 miles or less from the scene of the breakdown*

Any recovery must take place at the same time as the initial callout otherwise you will have to pay for subsequent callout charges."

As such, the Recovery Plus section of the wording informs you that it provides the same level of cover as Standard Recovery with the addition of home assist and the benefits of Alternative Transport, misfuelling cover and Emergency Overnight Accommodation.

If there is uncertainty regarding the difference between "+" and "plus", these both mean the same things as "+" is "plus" and "plus" is "+" - "+" is read in this context as "plus" and if the customer is unsure as to what "+" meant, they could have raised this with us but this was not done. Dynamo Cover Ltd is the retail broker and administrator, we are not the insurer who writes the policy wording. The insurer has their own legal and compliance team that these wordings go through to ensure they're fit for purpose before being given to brokers to sell the product. If it is believed that there's a level of uncertainty with this, this is not something that's within Dynamo Cover Ltd's remit to control....

As mentioned above, the UK Recovery + product is defined in the wording as: "If you have opted and paid for Recovery Plus, this includes all the same benefits as the Standard recovery, with the addition of home assist and the benefits of Alternative Transport, misfuelling cover and Emergency Overnight Accommodation". Therefore, Standard Recovery is not the only cover level that mentioned the mileage restriction. This mileage limit was also not applied by Dynamo Cover Ltd as the retail broker of the policy, but by Call Assist Ltd who are the insurer-appointed claims handler and assist in accordance with the policy wording."

I agree with Dynamo that Standard Recovery isn't the only cover level mentioned with a mileage restriction.

But Dynamo described the level of cover Mr C had in the summary at renewal as 'UK Recovery Plus' - not 'Recovery Plus' which is limited geographically to 20 miles. I find it

misleading to add 'UK' in the title of the renewal cover notice as it clearly doesn't match the level of cover under the policy Dynamo assigned to Mr C.

Mr C didn't tell Dynamo his requirements had changed - but Dynamo significantly changed the level of cover it offered at renewal without highlighting this to ensure it was brought to Mr C's attention.

So the fact remains that it wasn't clear to Mr C that the level of cover Dynamo arranged at renewal was significantly reduced. The titles for cover in the policy wording do not include 'UK' as Dynamo referred to in its renewal cover letter.

And I think the phrase Dynamo wrote in the renewal cover letter; *"Making the assumption that your details have not changed"* is significant here. Mr C didn't tell Dynamo his details had changed - but Dynamo significantly changed the level of cover without adequately highlighting the change to Mr C at renewal.

In my provisional decision I said I was unable to find where the significant reduction in the geographical distance was highlighted at all to Mr C. I think the fact that the title of the product in the renewal notice included a "+" symbol gave the impression that Mr C had 'plus' cover in any event. In other words, having a wider level of cover - so doesn't suggest such a limited geographical restriction for recovery to 20 miles.

In response, Dynamo says:

"Mr C was notified in his renewal reminder, which I can see the Ombudsman has also quoted in their response: "Your Demands and Needs are those of an Individual who has need for Breakdown Insurance. We do not give you advice as to whether this product is suitable for meeting your specific Demands and Needs; you must therefore carefully read the Policy Summary, and particularly the section on exclusions and limitations, to determine whether this product is right for you. It is possible your product or terms may have changed within the last 12 months including changes to either your insurer, the terms & conditions, or both."

How the insurer names their products is not up to us and Mr C was provided with access to the policy wording prior to the renewal going through Mr C was given access to his renewal documentation prior to the renewal going through and he is required to check these to ensure that the product still suits his needs as we do not provide advice as to whether a product is suitable for an individual. Mr C appears aware of his needs, so could have checked appropriately to ensure that the cover level being offered still met them and he could have questioned any aspect of cover with us and cancelled it if he decided it no longer met his needs."

From reading the policy it's clear a level of cover which was very similar - if not the same - as Mr C asked for in 2019 was available. However, Dynamo offered renewal to Mr C at a similar price to the premium Mr C paid in 2021 but with a significantly lower level of cover. I don't think it was fair for Dynamo to do this without clearly setting out its intention.

Dynamo says in response;

"Dynamo Cover Ltd provided a renewal invite of the product that was available to offer for Mr C policy spanning 2022 – 2023 as there was a change in underwriter from his previous cover. I also feel that the statement "I don't think it was fair for Dynamo to do this without clearly setting out its intention" alludes to us intentionally looking to provide Mr C with a lower level of cover to disadvantage him, which is certainly not the case. Dynamo Cover Ltd notified Mr C of the level of cover that he would renew on to and provided him with access to check his renewal documentation and we told him to check to ensure this suits his needs. Dynamo Cover Ltd is a broker, we are not the insurer who provides us with the products we sell. If we are unable to match a customer's previous level of cover, we will still offer them our closest level of cover, which is what we did, as it is agreed between the business and

the customer that we will send them a renewal invite if we have a product that could be suitable. As mentioned Mr C is notified twice within the reminder to check to make sure the product suits his needs and we can be contacted to answer any question that he may have. To confirm, Mr C did not contact us at all to question the renewal.

Dynamo Cover Ltd has acted reasonably by issuing Mr C with a renewal reminder 21 days prior to the expiry of his policy that informed him of the level of cover he would be renewing on to, how to view the documents and that there may have been a change in cover so check to ensure the product still suits his needs. I also feel again that the comment "acted reasonably" implies that we have actively sought to disadvantage Mr C at renewal, which is untrue"

Dynamo says Mr C was notified to make sure that the product he was offered still suited his needs in-line with ICOBS 6.5.1.

While I agree that Dynamo provided some standardised wording which required Mr C to check the policy at renewal - this would have been to ensure it continued to meet his needs as opposed to the onus being on him to identify a significant reduction in the level of cover. Ultimately Mr C was disadvantaged by the way Dynamo arranged the renewal as his claim wasn't met.

I don't find that Dynamo ensured Mr C was given appropriate information in a comprehensible form so that he could make an informed decision about the arrangements proposed. ICOBS 2.2.2 says;

"When a firm communicates information, including a financial promotion, to a customer it must ensure that is clear, fair and not misleading."

It does not have to be an advised sale for this standard to be met. Dynamo was able to offer at renewal under the new policy similar cover to what Mr C had originally asked for - and as he didn't notify Dynamo of any changes to his requirements - I think Dynamo acted unreasonably in offering at renewal a much lower level of cover for a similar price to the previous year without highlighting the reduction - even though the policy could give Mr C similar cover to meet his unchanged needs.

So in line with my provisional decision, I'm upholding Mr C's complaint.

I think Mr C was put to some disruption and inconvenience when he realised he would have to pay the full costs to have his car recovered - having broken down more than 20 miles from his home address. And I think - but for Dynamo's failure to either provide a similar product or explain the significant change in cover at renewal - Mr C incurred costs he wouldn't have otherwise incurred as he and his son would have instead been recovered to their home address with the car that evening.

Mr C explained that if his car had been recovered to his home address, he would have taken his car to his trusted local garage which he's used for several years and is within walking distance to his home.

So I think Mr C should be put back in the position he would have been had Dynamo acted reasonably - in order to properly indemnify him.

Dynamo should provide the appropriate benefits from the policy in line with "*National Plus/Personal Plus - Roadside Assistance & Recovery, Nationwide Recovery and Home Assist*" as this seems to closely match the cover to meet Mr C's needs. But I don't think Dynamo is entitled to seek any additional premium from Mr C as I think it misled him into believing he had this level of cover at renewal.

I think Dynamo caused Mr C unnecessary distress and inconvenience. For this I think it should pay Mr C £300 compensation.

My final decision

My final decision is that I uphold this complaint. I require Dynamo Cover Limited to do the following:

- Meet Mr C's claim under the policy in line with the level of cover described as "National Plus/Personal Plus - Roadside Assistance & Recovery, Nationwide Recovery and Home Assist" under the new 2022 policy as this most closely matched Mr C's demands and needs which hadn't changed - but that Dynamo shouldn't charge Mr C any additional premium for this level of cover.
- Pay Mr C £300 compensation for the distress and inconvenience caused.

Dynamo Cover Limited must pay the compensation within 28 days of the date on which we tell it Mr C accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 16 December 2022.

Geraldine Newbold
Ombudsman