

The complaint

Mr A complains Acromas Insurance Company Limited unfairly declined his motor parts and labour insurance claim.

What happened

In July 2022 Mr A claimed against his Acromas parts and labour insurance policy. His car was recovered to a garage. It was unable to undertake the type of repair required. So it referred him to a second garage (I'll call it X). Mr A's car was taken to X. But Acromas said it was unable to deal with X. It told Mr A to find an alternative garage. He said other garages he spoke to were unable to do the repairs and referred him back to X. Mr A then instructed and paid X to do the repairs. But Acromas refused to pay his claim. It says X is on its list of banned garages.

In August 2022 Acromas responded to Mr A's complaint. It said its agent had told him it was unable to pay claims involving X and had offered to move the vehicle to another garage for no charge. So it still didn't settle his claim. Mr A didn't accept that response, so came to this service. He says the policy terms allow him to use a garage of his choice. And he had no choice but to use X as he needed to have the vehicle repaired. So wants Acromas to settle his claim.

In January 2023 our investigator considered the complaint. He felt Acromas should have done more to arrange an alternative garage for Mr A, so he recommended it pay the claim in line with the remaining policy terms. Mr A accepted that outcome, but Acromas didn't.

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.

Having done so. I require Acromas to pay Mr A £535 to settle his complaint.

First I've considered if, ignoring the involvement of X, the claim would have been payable under the policy terms. This service asked Acromas to consider the available evidence, including repair invoice, job description and policy terms, to give an opinion on this. Disappointingly it didn't provide one. It simply said an independent engineer would have been appointed. It's unfortunate Acromas wasn't willing to provide a little more. However, it just means I need to consider the claim against the policy terms without its input.

The policy covers the cost of repair or replacement to 'insured parts', labour and VAT following a breakdown. The replaced parts include a gearbox control module - costing about £1,200. 'Gearbox' is listed in the policy as in 'insured part'. So I'm satisfied that part and related labour are covered.

'Breakdown' is defined by the policy. The definition has various strands. I'm satisfied they are met. For example there seems to have been *'a sudden or unexpected electrical or*

mechanical failure and it was *attended by* the relevant roadside assistance firm. So I'm satisfied, based on what I've seen, that the claim would most likely have been paid.

Unfortunately Acromas refuses to settle because of the involvement of X. It's explained this isn't a case of a policyholder being caught up in a dispute between it and X. But I disagree, I feel it's exactly that. Mr A's a policyholder who wished to make genuine use of the benefit provided by the cover he paid for. Everything I've seen points to him acting reasonably during the claim.

I've listened to the calls between Mr A (and Mrs A) and Acromas. I've considered his testimony. I'm satisfied, despite Acromas' claims, that he made genuine and reasonable efforts to find an alternative repairer. Unfortunately, due to the nature of the repair, he couldn't find one within practical distance. He needed his car for day-to-day family use. So he made a practical choice to use the repairer available to him.

I'm not going to respond to each of Acromas' points about Mr A's search for an alternative garage. It feels he didn't do enough. But one point does need addressing. Acromas has suggested on a couple of occasions that Mrs A *'stated clearly they had found another garage...'*. This is simply incorrect. She reported that Mr A had texted that *'he might have found someone'*.

The exact requirement of the policy terms may not have been met by Mr A, but I can't see that Acromas has been prejudiced in anyway by his. He wasn't given claim authorisation as per the policy terms. But I'm satisfied, as set out above, if it wasn't for the X issue this would have been given. And there's nothing to make me think X, for this claim, was involved in the kind of activity Acromas suspects it of in a previous claim. So I can't see that Acromas has lost out by Mr A's use of X.

Overall Acromas should have treated Mr A with more discretion and understanding of his position as a customer – and focused less on X's involvement and its internal policy.

The total repair bill was for more than £2,000. The excess should be deducted from that amount. So to settle Mr A's claim Acromas will need to pay him the maximum payable under the terms - the policy limit of £535. As he's been unfairly without these funds since paying the invoice it will need to add simple interest at 8% That should be applied from the date the invoice was paid until the date of settlement.

My final decision

For the reasons given above, I intend to require Acromas Insurance Company Limited to settle Mr A's claim by paying him £535 – plus simple interest at 8% from the date he paid the invoice until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 13 June 2023.

Daniel Martin
Ombudsman