

The complaint

Miss O complains that London General Insurance Company Limited declined her claim on her motor warranty.

What happened

Miss O had a motor warranty that was underwritten by London General. In March 2022 she made a claim after the engine management warning light came on and she noticed a rattling sound coming from the vehicle.

She took it to a repair garage and they identified that the timing chain was broken. London General authorised this repair under the warranty.

In May 2022 the repair garage contacted it again and said they had found a further fault with the VVT unit and solenoid. However the additional repairs were declined by London General as it said they'd been caused by the vehicle being driven while it had the first fault. And it said this was specifically excluded under the warranty.

Miss O didn't think this was fair. She complained but London General didn't uphold the complaint. So she brought it to this service.

Our investigator thought London General had acted unfairly by declining the claim. She thought Ms O had taken reasonable action by driving the car to the garage once the warning light came on, so the second part of the claim should be covered under the warranty as well. She thought London General should accept the claim and settle it in line with the warranty terms and conditions.

Miss O accepted our investigator's outcome. However London General didn't. It said the warning light and rattling sign should have alerted Miss O to the problem and she shouldn't have driven the vehicle after this. And by doing so, she caused the additional damage. It asked for the complaint to be reviewed by an ombudsman.

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.

London General has relied on the following term in the warranty to decline the second part of Miss O's claim:

"What is not insured? Mechanical Breakdown that causes damage to another Covered Component is not included if it is reasonable for us to conclude that further damage has been caused by your failure to take preventative steps or to notify us after the initial failure of a component (for example, the vehicle being driven with a defective part/warning lights being illuminated) and any loss arising from: excluded parts; incorrectly fitted parts; faults present at purchase"

It's said that the second damage found to the VVT unit and solenoid was caused by the

damage from the initial claim. And if the car hadn't been driven when the fault became apparent then the damage wouldn't have been caused, so no cover applied.

I've considered the circumstances and the policy term and I don't think this is a fair application of the exclusion. The term states specifically that cover doesn't apply where it is *'caused by your failure to take preventative steps or to notify us after the initial failure of a component...'*

Here, the failure of the timing chain was only apparent when the warning light came on and the car started to make a rattling noise. At this point Miss O only drove the vehicle to the repair garage in order for it to be assessed. And I think this is a reasonable step to take in order to ensure the issue is addressed. I therefore don't agree it's fair for London General to say she failed to take preventative steps, as she stopped driving the vehicle, other than to take it to a garage.

Further, it was only at the point the warning light came on that she could have known there was a fault with the timing chain. And it's not known whether the further damage to the vehicle had already been caused before this point. Especially as the only journey taken after this was to the garage. So I don't think London General has enough information to say that by Miss O driving to the garage, this caused the additional fault.

Based on this, I don't think London General has acted fairly by applying the exclusion in the circumstances. I therefore agree with our investigator that it should cover the costs for the repair of the second fault, in line with the remaining terms and conditions of the warranty.

My final decision

For the reasons I've given, I uphold Miss O's complaint and direct London General Insurance Company Limited to cover the cost of the repair to the VVT unit and solenoid in line with the remaining terms and conditions of the warranty,

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 25 July 2023.

Sophie Goodyear
Ombudsman