

The complaint

Miss S complains that London General Insurance Company Limited (LGICL) unfairly turned down her claim on her mechanical breakdown insurance policy.

What happened

Miss S's car had a problem, so she took it to be inspected by a garage. The garage diagnosed an issue with the Variable Valve Timing actuator (VVT) and the timing chain. Because of this Miss S claimed on her policy with LGICL for the repair needed to her car.

LGICL reviewed the claim and declined it. It said the timing chain had stretched and therefore it must have happened gradually. So LGICL declined the claim under the wear and tear exclusion in the policy. Miss S didn't think this was fair and complained. She sent LGICL evidence from the garage which showed the VVT had failed and caused excessive strain on the timing chain which had caused it to stretch.

LGICL reviewed the complaint and didn't uphold it. It said the timing chain had stretched and therefore didn't meet the policy terms of a sudden and unexpected failure. Miss S didn't agree and referred her complaint here. She said she'd paid over £3,000 to repair her car and thought LGICL should cover the claim.

Our investigator reviewed the complaint and recommended it be upheld. She found that LGICL hadn't commented on the VVT causing the failure. She also thought at the point the timing chain became stretched and no longer worked correctly was sudden and unforeseen and met the policy terms. Our investigator also found that LGICL hadn't shown the part which had failed had reached the end of their normal working life and so didn't think it was fair for LGICL to not cover the claim. She recommended LGICL pay Miss S's claim, in line with the remaining terms and conditions of the policy.

LGICL didn't agree. It said the timing chain had stretched and therefore wasn't covered under the policy.

As LGICL didn't agree the complaint has come to me to decide.

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.

Miss S's policy says it "Covers your vehicle for the cost of repair or replacement (Including labour) of any Covered Components in the event that any such Covered Component (as listed in Schedule 1: Covered Components) is subject to sudden and unforeseen mechanical or electrical breakdown unless such components fail due to negligence or reaching the end of its working life due to expected deterioration."

The terms and conditions of Miss S's policy also define Mechanical Breakdown as: "The sudden and unforeseen failure of a component, not by wear and tear, normal deterioration or

negligence. We are not liable for parts that have reached the end of their normal working lives because of age or usage.”

Miss S’s policy covers her for all mechanical and electrical parts but excludes some claims for certain parts linked to certain events. From reviewing this, the parts which have failed on Miss S’s car appear to be covered.

LGICL has declined Miss S’s claim as it said her timing chain failed due to wear and tear. I think it’s fair and reasonable to conclude that at the point the chain stretched and failed to operate properly there was a sudden and unforeseen event. I say this as there isn’t anything to show Miss S was aware the chain stretched and didn’t do anything about it. Furthermore, the repairing garage said the stretched timing chain is due to a failed VVT and as that failed suddenly I’m satisfied Miss S’s claim meets the policy definition of a sudden and unexpected failure.

I’ve also noted LGICL’s comments about it failing due to wear and tear, but I’m not persuaded it’s fair and reasonable to rely on this term. I say this because it’s only fair and reasonable to decline a claim due to wear and tear if a part has failed because it’s reached the end of its normal working life expectancy. I also noted the terms exclude wear and tear or parts which have come to the end of their normal working life, so it appears this is also the intention of the policy terms. Miss S said the parts failed when her car had done around 60,000 miles and as LGICL hasn’t shown either part has reached the end of its normal working life, I’m not persuaded LGICL has acted fairly in declining this claim.

As LGICL incorrectly declined Miss S’s claim, she paid for the repairs herself. Therefore, to put things right, LGICL need to pay Miss S’s claim in line with the remaining terms and conditions of her policy. LGICL should also add 8% simple interest per year to the amount it pays Miss S to compensate her for not having the money.

My final decision

For the reasons explained above, I uphold this complaint. London General Insurance Company Limited need to pay Miss S’s claim in line with the remaining terms and conditions of the policy. 8% simple interest per year needs to be added to the amount it pays Miss S, calculated from the date she paid for the repair until the date the settlement is paid.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss S to accept or reject my decision before 17 July 2023.

Alex Newman
Ombudsman