

## **The complaint**

Mr H complains that U K Insurance Limited is responsible for misinformation in connection with his motor and breakdown insurance.

## **What happened**

The subject matter of the complaint is a small car, first registered in 2015. Mr H acquired the car in 2018.

For the year from late March 2022, Mr H had the car insured on a policy arranged and administered by an insurance intermediary. UKI was the insurer with which Mr H had the policy. Mr H didn't pay for the optional extra of breakdown cover at that time.

On 12 December 2022, Mr H's car's battery wasn't working. Mr H thought he did have breakdown cover. So he contacted UKI to ask for a tow to a garage. UKI told Mr H that he didn't have breakdown cover.

In answer to his question, UKI said he could add breakdown cover to his policy on payment of £19.87. Mr H asked if he could make a claim straight after purchasing that cover. UKI said that he could. So Mr H bought the UKI breakdown cover and paid £19.87. UKI transferred his call to its breakdown company.

On the same day, the breakdown company told Mr H that it wouldn't cover his car's breakdown. The company charged Mr H £150.00 to tow his car to the garage.

Within a day or two, Mr H complained to UKI that it had given him contradictory information, so it should refund him the £150.00.

By a final response, UKI upheld the complaint in part. It said it was sending Mr H £25.00 as compensation. UKI said it had offered to cancel the breakdown cover and to refund the cost. It also apologised to Mr H for the circumstances.

Mr H brought his complaint to us in early March 2023.

Our investigator recommended that the complaint should be upheld in part. He didn't think that UKI's offer of £25.00 went far enough in resolving the complaint. He recommended that UKI should pay £50.00 to reflect the trouble and inconvenience caused.

UKI disagreed with the investigator's opinion. It asked for an ombudsman to review the complaint. It says, in summary, that:

- As his car had already broken down before he had cover, Mr H was always going to incur high costs of recovery. UKI's breakdown company charged £150.00. Its major competitors would've charged more.
- It has refunded the cost of the breakdown cover and paid £25.00 compensation. That put Mr H in a better position than they originally would have been.

Mr H also disagreed with the investigator's opinion. He says, in summary, that:

- When he spoke to the breakdown company on 12 December 2022, it inferred that if the UKI call-handler had made a note that he was covered straight away, it would've sent a recovery truck there and then without charge.
- £50.00 is not enough. He will accept £80.00 as compensation.

### **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.

Insurance generally covers the risk of an adverse event in the future. Insurance doesn't usually cover an adverse event that has already happened when the policyholder takes out the policy.

Mr H started off with a broken-down car and no breakdown cover. So he was going to have to pay someone to tow the car to a garage.

The breakdown cover wouldn't cover Mr H's problem with his car. UKI wrongly led him to believe that it would.

I consider that UKI gave Mr H false hope. Indeed, UKI has sent us a recording of a call between Mr H and the breakdown company in which that company didn't say he wasn't covered or that he would have to pay. Rather the company indicated that it was arranging recovery of the car. So there must've been a later conversation in which the breakdown company said Mr H would have to pay £150.00.

I can see why Mr H thinks it fair for UKI to reimburse the £150.00 to honour what it incorrectly said. However, I've thought about the impact on Mr H of the incorrect information.

Mr H hasn't said that he could've found an alternative towing service at short notice for less than £150.00. And I find that UKI refunded his premium payment.

I don't find that fair and reasonable to direct UKI to reimburse the £150.00 because that would put Mr H in a much better position than his starting point.

I consider that the incorrect information and false hope caused Mr H disappointment and frustration when he had to pay the £150.00 and when UKI declined to reimburse him.

However, UKI corrected the incorrect information promptly and tried to put things right with its payment of £25.00 and its apology.

I accept that Mr H wasn't happy with that response to his complaint. However, I haven't seen enough evidence to uphold his complaint that UKI dealt with him rudely or aggressively.

Mr H has quite recently added a point that UKI's actions caused him to take out more expensive cover elsewhere. But I think that point is one that Mr H didn't make until after the final response and after his complaint form. So UKI hasn't had an opportunity to respond to it and I don't find it fair and reasonable to deal with that point in this final decision.

### **Putting things right**

Overall, I conclude that – in addition to its refund of premium and its payment of £25.00 – a further £25.00 is fair and reasonable compensation for the distress and inconvenience UKI caused Mr H.

### **My final decision**

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct U K Insurance Limited to pay Mr H – in addition to its refund of premium and its payment of £25.00 – a further £25.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 September 2023.

Christopher Gilbert

**Ombudsman**