

## **The complaint**

Mr M complains London General Insurance Company Limited unfairly declined his motor warranty claim.

## **What happened**

Mr M made a claim against his London General motor warranty. The insurer declined the claim based on the report of an engineer it had commissioned to inspect the car. London General said the cause of engine failure was wear and tear - something excluded by his policy terms. Mr M complained but London General didn't change its position,

After bringing his complaint to this service Mr M arranged his own engineer's assessment of the car. The report disputes London General's wear and tear position. Instead finding the failure to be mechanical failure. In March 2023 the insurer considered the report but continued to decline the claim.

Our investigator was more persuaded by Mr M's report. As a result he felt the damage was more likely a sudden and unforeseen failure, rather than wear and tear. So he recommended London General cover the repair of the vehicle, reimburse Mr M the cost of his engineer report and pay associated storage fees. Mr M accepted that outcome. As London General didn't, the complaint was passed 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.

Mr M's policy covers the cost of repair or replacement of any covered parts subject to sudden and unforeseen mechanical or electrical breakdown. However components aren't covered if they fail due to negligence or reach the end of their working life due to expected deterioration.

I've considered London General's engineer report, alongside the more recent comments from its senior engineer. Overall I'm more persuaded by the detail and explanation given by Mr M's engineer's report.

First I'm satisfied the failed components are 'covered parts' as set out by the policy terms.

London General's engineer report is based on a physical inspection of the vehicle. But it's fairly limited in its assessment. It simply says due to the extent of damage and broken/missing pieces the exact cause of failure can't be confirmed. It states that however considering the mileage (around 73,000) the engineer believes the failure would be due to wear and tear. Nothing more is given to support this position.

In response to our investigator's assessment, and Mr M's engineer report, a London General senior engineer provided some additional information. He said he favoured 'material fatigue'. This was accompanied by a generic description of this concept, with no application to Mr M's

claim circumstances – other than reference to the mileage. No further supporting evidence, for example the expected lifetime of the components, was provided.

Whilst Mr M's engineer report is based on a desktop assessment of London General's its far more persuasive. It concludes the failure was due to a mechanical fault – the oil pump breaking down, leading to further engine damage. It provides an explanation for this view. It rules out wear and tear as the cause – specifically stating the mileage isn't extreme considering the type of vehicle.

Considering Mr M's description of the breakdown, alongside his engineer's report, I'm persuaded it's most likely there was a sudden and unforeseen mechanical or electrical breakdown – rather than the components reaching the end of their working life due to expected deterioration (or wear and tear).

So I require London General to accept the loss as a 'sudden and unforeseen sudden mechanical or electrical breakdown'. It hasn't provided any additional reason to decline the claim. So I require it to cover the cost of repairs in line with any policy limits and excess it wishes to apply.

Mr M's engineer report had a significant impact on the outcome of this complaint, so its fair for London General to reimburse him the cost. It will need to reimburse, on receipt of evidence of payment, the fee – plus simple interest at 8% from the date of payment to the date of settlement.

Our investigator didn't think London General had acted unfairly when coming to its original decision as it was based on the available evidence at the time - its own engineer's report. For that reason he didn't award compensation for distress or compensation. I agree with that assessment.

I also support the investigator's opinion that London General should have acted differently once presented with Mr M's report in March 2023. If it had the car would likely have been repaired sooner that it will be – and Mr M wouldn't have incurred further storage fees being charged by his garage. To make up for that London General will need (on receipt of evidence of payment) to cover storage fees charged from March 2023 until the date of settlement of his claim.

### **My final decision**

For the reasons given above, I require London General Insurance Company Limited to:

- cover the cost of repairs to Mr M's car – subject to any relevant policy limits or excess,
- reimburse him the cost of his engineer's report – plus simple interest, at 8%, from the date he paid for the report to the date of settlement and
- reimburse him storage fees (on receipt of evidence he's paid them) for the period March 2023 to the date the claim is settled.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 June 2023.

Daniel Martin  
**Ombudsman**