

The complaint

Mrs W complains AutoProtect (MBI) Ltd mis-sold her a mechanical breakdown insurance policy.

What happened

In 2021, Mrs W bought a 12-month mechanical breakdown insurance policy through AutoProtect. When she bought the policy, her car had covered over 78,000 miles and was 8 years old.

In July 2022, Mrs W renewed her policy on the phone. At this point, her car had around 84,000 on the clock and was now 9 years old.

In December 2022, Mrs W's car developed a fault, so she contacted the insurer to claim on her policy. The insurer said it'd need a report from the garage who had looked at the car to decide if the claim was covered. After this had been done, the insurer said the fault was due to wear and tear and declined Mrs W's claim. This is because her car was over 6 years old and had done more than 60,000 miles and AutoProtect said the policy didn't cover any wear and tear for a vehicle like this.

Mrs W wasn't happy about this and complained. So, whilst accepting the policy doesn't cover wear and tear for cars over 6 years old or with more than 60,000 miles on the clock, she says the policy must have been mis-sold to her because it was never going to pay for repairs in her situation. She said if she'd known this, she wouldn't have bought the policy. This left her with a car that had been stripped down to send the report to the insurer (which included a video) and a substantial repair bill to fix it and put it back together.

Mrs W complained to AutoProtect. It said it couldn't find any evidence she'd been misled into believing that wear and tear would be covered. Mrs W brought her complaint to this service.

The Investigator considered the sale of this policy and didn't think it was fit for the intended purpose. This is because Mrs W's car was already over six years old and had done more than 60,000 miles when the policy was sold and so wear and tear wouldn't have ever been covered. The Investigator upheld Mrs W's complaint and asked AutoProtect to refund all policy premiums Mrs W paid with 8% simple interest.

Mrs W agrees but AutoProtect hasn't responded so this matter has been passed to me for a decision.

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 think the investigator has reached a fair outcome here. So, I uphold Mrs W's complaint in this matter. I'll explain why.

AutoProtect sold Mrs W her policy on the phone in an advised sale in 2021 and it was renewed on the phone in an advised sale in 2022. As this was an advised sale in both 2021 and 2022, AutoProtect needed to ensure any policy it recommended was suitable for Mrs W's circumstances. It also needed to give Mrs W information about the policy which was clear, fair and not misleading.

Based on what I've seen about Mrs W's car at the time, I don't think it was a suitable recommendation in 2021 nor 2022. I say this because, looking at the terms of the policy, the circumstances in which a person who has a car which is over 6 years old or has more than 60,000 miles on the clock could make a breakdown claim were limited as anything caused by wear and tear was excluded. And, as Mrs W had a car which was over 6 years old *and* had more than 60,000 miles on the clock when she took the mechanical breakdown policy out in 2021 and renewed it in 2022, this would've made a difference to her.

I've therefore thought about what Mrs W would have done if she'd been given the right advice.

Having done so, I don't think it likely this policy would've been recommended to her for the reasons set out above. Even if it had, Mrs W said she wouldn't have bought the policy if she'd known about this term. She explains, given the age of the car and miles it had done when she took out the policy, most repairs would fall into this category in her view. So, she wouldn't have bought it as she'd feel as though AutoProtect would use this reason to avoid paying for any repairs. I note Mrs W also hasn't made a successful claim because of this term.

So, I don't think this policy would've been recommended and I'm persuaded by Mrs W's testimony she wouldn't have bought it. Because of this AutoProtect should put Mrs W back in the position she would have been in if the advice had been suitable and information had been clear. To do this, it should refund her the premium of £299 from 2021 and 2022. It should also add 8% simple interest to compensate Mrs W for not having the money.

Putting things right

AutoProtect (MBI) Ltd must pay Mrs W £598. It should add 8% simple interest per year to her instalments from the date she paid until the date AutoProtect makes payment.

If AutoProtect (MBI) Ltd considers it's required by HM Revenue & Customs to take off income tax from the interest, it should tell Mrs W how much it's taken off. It should also give Mrs W a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs, if appropriate.

My final decision

For the reasons set out above, I uphold Mrs W's complaint and so AutoProtect (MBI) Ltd needs to put things right by following the steps outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 1 August 2023.

Rebecca Ellis
Ombudsman