

## The complaint

Mr V is unhappy with the service provided by Motors Insurance Company Limited (MICL) following a claim made on his cosmetic repair insurance policy.

## What happened

Mr V purchased a cosmetic repair insurance policy for his car. The cover started in January 2023, and included a term of 36 months. The policy explained it would provide cover in the event of minor cosmetic damage. The terms also explained:

*In the event that a Cosmetic Repair cannot be used to repair Minor Cosmetic Damage on Your Vehicle under this policy, the policy will contribute up to a maximum of £150 including VAT towards the cost of having a conventional body shop repair carried out whereby the Minor Cosmetic Damage has been repaired as a result. This is subject to being provided an invoice from a VAT registered repairer for the work carried out.*

The cancellation terms explained:

*You wish to cancel Your policy after [a] 30-day period, You can cancel at any time and receive a pro rata refund.*

*The percentage refund will be calculated from the date Your request to cancel is received. An administration fee of £20 will be deducted from the calculated amount prior to any refund being paid.*

*Please note that We will not give You a refund if You have already made a successful claim on Your policy.*

In July 2023 Mr V made a claim on his policy, and his car was sent to the approved repairer (garage W) for repairs to be carried out. Mr V's partner (not a policyholder, and hereafter referred to as Mr D), discussed the work carried out on the car. Following this conversation, garage W informed Mr V:

*[Garage W] will no longer be taking on repairs for your vehicle. In lieu of this, we are prepared to offer a contribution towards any authorised repairs, subject to us receiving a valid, paid invoice for work carried out. So, in the event that you do require repairs to your car going forward, you would follow the standard process of contacting us either by phone or by email, advising of the location and scope of the damage, and providing the required images (detailed at the bottom of this email). Should your claim be authorised, we would then offer you a contribution of up to £150 incl of VAT towards having your vehicle repaired at a third party garage of your choice, and we would provide you with that reimbursement once you have sent us a copy of your paid invoice.'*

Mr V asked for agreement that he could use another repairer of his choice to complete repairs for a future claim, and that MICL would cover the full cost of this. MICL didn't agree to Mr V's request, saying that the offer it had put forward was reasonable.

Unhappy with MICL's response, Mr V referred his complaint to this service. Mr V provided a copy of the price list from another garage close to where he lives. Mr V explained the charges for minor cosmetic damage are much higher than the £150 offered by MICL. Mr V said MICL should agree to pay for the full cost of any cosmetic repair damage, in the event of a future claim being authorised under his policy.

During our investigation, MICL said it would agree to carry out repairs in line with the terms and conditions of Mr V's policy, on the condition that interactions are limited to Mr V as the policyholder.

Mr V didn't agree. Mr V was particularly unhappy with the way him and his partner had been treated, and MICL's change in decision. Mr V requested to be able to use another repairer of his choice to complete repairs for a future claim, and for MICL to cover the full cost of this. As the complaint couldn't be resolved, it has been passed to me for decision. I issued a provisional decision on Mr V's complaint. This is what I said about what I'd 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. I've focused my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe it has affected what I think is the right outcome.*

*Mr V says MICL decided to change the terms of his cover, and he shouldn't be penalised in the event of needing to make a claim. MICL says it will continue to offer cover for Mr V in line with his policy terms, but only on the provision that it only has to deal with Mr V.*

*I've carefully considered what both Mr V and MICL has explained. MICL's hasn't provided details of what happened which led to its decision to change the terms of Mr V's policy. But it says its offer to continue to cover for is fair and reasonable in the circumstances. When evidence is contradictory or inconclusive (or both) I have to make a finding on the balance of probabilities. And having considered the evidence, I'm persuaded MICL need to do more to put things right. But I won't be directing it does so the way Mr V has requested. I'll explain why.*

*MICL initially told Mr V that he would no longer be able to use garage W in the event of making a claim. As garage W is the only approved repairer under Mr V's policy, MICL said it would instead 'offer [Mr V] a contribution of up to £150 incl of VAT towards having [his] vehicle repaired at a third party garage of [his] choice, and [MICL] would provide [Mr V] with that reimbursement...'*

*MICL's offer isn't strictly within the terms of Mr V's policy. Mr V's policy doesn't include specific terms for what would happen where its approved garage chooses not to continue to provide cover under the policy. So although I accept MICL's position that its offer was designed to broadly mirror the terms of Mr V's policy, I take Mr V's point that these terms don't address the situation he has found himself in.*

*During our investigation, MICL changed its position on Mr V's complaint. It said it would continue to cover Mr V in line with his policy terms, provided it was only Mr V that it had to deal with. But given MICL's previous position on how future claims would be handled, and the interactions had with Mr V about his complaint, it's evident that there has been a breakdown in relationship between Mr V and garage W. And it was MICL's decision to*

*change the terms of Mr V's cover (despite him not having any involvement in the incident), without discussing other ways of dealing with what had happened.*

*I have considered MICL's recent agreement to continue to offer cover to Mr V in line with the terms of his policy, under the conditions it has explained. But I think this offer has been made too late. I say this because the relationship between Mr V and garage W has now broken down. And I don't think it would be fair for Mr V to continue to use the services of garage W given what's happened, and the exchanges that have taken place.*

*Mr V says that he should be allowed to take his car to a garage of his choice for any future claim. And that MICL should cover the cost of this, should the repair costs be more than the £150 inclusive of VAT put forward by MICL. But I don't think it would be reasonable to ask*

*MICL to cover more than what the policy offers. Mr V has used the policy to make successful claims. So I'm satisfied the policy has benefited Mr V, and served its purpose. Asking MICL to pay more than what the policy covers (even with a finding of poor service) would be classed as betterment. And in the circumstances, I don't think that is a fair direction for putting things right.*

*I think MICL's offer to continue to cover Mr V is reasonable- if that's something Mr V wants to do. However given the breakdown in relationship with garage W, if Mr V feels he no longer wishes to keep the policy, MICL should allow Mr V the opportunity to cancel his policy and receive a pro rata refund, without incurring an administration fee of £20. I accept Mr V has made successful claims on his policy. So under the terms of the policy, he wouldn't be entitled to a pro rate refund. But given the circumstances leading to Mr V's complaint (including MICL initially refusing cover, and then changing position), I think a fair resolution is for MICL to offer this option to Mr V at this time.*

*It was MICL's decision to change the terms of Mr V's policy. And it did so without properly discussing what other options might be available to Mr V (such as the option to only deal with Mr V going forward, as it later agreed to do). In the circumstances I think it's reasonable for Mr V to be given the option to cancel his policy without facing any financial penalties.*

### **Putting things right**

*Should Mr V choose to do so, MICL should allow Mr V the option to cancel his policy and receive a pro rata refund, without incurring an administration fee of £20.*

*If Mr V is to select the option to cancel his policy, he must do so within 30 days of accepting the final decision.*

### **My provisional decision**

*For the reasons given above, I am minded to ask Motors Insurance Company Limited to follow my directions for putting things right as detailed above.*

### **The responses to my provisional decision**

*I invited both Mr V and MICL to respond to my provisional decision. MICL said 'We can confirm the outcome you have proposed was already proposed by us previously. However, the customer had declined this at the time which resulted in the complaint becoming so lengthy timewise.' Mr V didn't respond to the provisional 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.

MICL say it had already offered Mr C the option to put things right as detailed in the provisional decision. I've reviewed MICL's final response letter. This states that as claims had been paid out under Mr V's policy '*there is no option to offer any refund under your insurance.*' These comments were also made by MICL at the time of sending its file to us. MICL hasn't provided any further context on when it discussed any other offers with Mr V.

I've thought carefully about the provisional conclusions I reached. As neither party has provided anything which would lead me to depart from this, my final decision remains the same as my provisional decision, and for the same reasons.

### **Putting things right**

Should Mr V choose to do so, MICL should allow Mr V the option to cancel his policy and receive a pro rata refund, without incurring an administration fee of £20.

If Mr V is to select the option to cancel his policy, he must do so within 30 days of accepting the final decision

### **My final decision**

For the reasons provided I uphold this complaint. Motors Insurance Company Limited must follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 6 September 2024.

Neeta Karelia  
**Ombudsman**