

The complaint

Mr B complains that Liverpool Victoria Insurance Company Limited (LV) rejected his claim under his breakdown and recovery motor insurance policy when his car broke down whilst abroad. He wants it to reimburse his recovery costs.

What happened

Mr B said he paid LV an extra premium to provide cover whilst he was abroad, but LV didn't ask him which of his three cars he intended to use. Mr B was unaware that cover was provided only for the car that Mr B had nominated on the policy many years earlier. So when Mr B called LV after his car broke down, it rejected his claim as he wasn't then driving the car nominated on the policy. Mr B thought LV should have asked him which car he intended to use abroad and so ensure that it had breakdown cover.

our investigator's view

Our Investigator didn't recommend that the complaint should be upheld. He thought the policy provided European cover for only one nominated car. He thought Mr B hadn't told LV that he intended to drive a different car to the one already nominated on the policy for European cover. And so he thought LV had acted within the policy's terms and conditions when it rejected his claim. And he thought LV needn't refund Mr B's recovery costs.

Mr B replied that he had never nominated one car for European cover. He said LV hadn't warned him that only one car would be covered abroad and that it hadn't provided him with the policy's terms and conditions.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr B and to LV on 15 January 2024. I summarise my findings:

I could understand that Mr B felt frustrated that LV didn't provide him with the cover he expected when his car broke down whilst abroad. He then had to arrange his own recovery to UK. He then called LV again to make a claim, but it rejected this as it was part of the same breakdown. Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably.

I listened to the call Mr B made to LV to upgrade his breakdown policy to add European cover at renewal as he expected to travel abroad. There was no discussion about which car was on cover. The agent told Mr B that documents would be sent to him.

I read the policy documents. Section A of the Document of Breakdown Cover sets out important information, including:

"The policy covers one permanently named vehicle".

Section E of the policy's terms and conditions states that:

"This cover only applies to permanent named vehicles and is not valid for claims under the Personal Cover option."

I thought this was a significant condition in the policy. And so I expected it to be set out in the policy wording and in the summary or Insurance Product Information Document (IPID).

Although it wasn't mentioned in the IPID, it was set out in the policy summary and the policy wording. So I would usually say it was sufficiently brought to Mr B's attention and so it was fair and reasonable for LV to rely on it to reject his claim.

Mr B said he didn't receive his policy documents. I could see from LV's file that Mr B's stated preference for receiving policy documents was by post. LV told us that the documents were sent to Mr B when he took out his upgraded cover.

Mr B said he didn't receive the policy's terms and conditions, and I had no reason to doubt him. But he explained that they may have been lost in the seasonal post. And I couldn't reasonably hold LV responsible for the postal service. Mr B's breakdown was six months later, and I thought he could reasonably have contacted LV in this time to ask for the documents when he didn't receive them.

But I didn't think LV's reliance on the condition to reject Mr B's claim was fair or reasonable. This was because Mr B said he had nominated one car over 20 years ago for "any driver cover" so his family could use the car. This was the first time he had taken out European cover. He said that LV should have explained to him that the policy only applied to a single vehicle when he had a multi-car policy.

And I agreed with him. Mr B had Personal Cover for roadside breakdowns, so he was covered in the UK when he was driving any car. He also had a multi-car policy with LV. Mr B called LV expressly to take an upgrade to add European cover. So I thought LV should have reasonably checked with Mr B that the car he intended to drive was the car nominated on his policy. But the agent didn't take or confirm any details of the car covered for Europe. And she didn't explain that the car named for "any driver cover" would be regarded as the named car for European cover.

So I thought LV made a mistake and it should put things right for Mr B. If LV had explained the limits on cover or checked which car he would be driving, I thought Mr B would have ensured that this car was named on the policy and so he would have been covered when he had a breakdown.

Mr B provided an invoice for his recovery charges, and I thought LV should reimburse this, adding interest as Mr B had been without his money for some time. And Mr B had been caused considerable distress when his claim was rejected, and he had then to arrange his own recovery from Europe and then onwards home. And I thought LV should pay him £200 compensation for this trouble and upset.

Subject to any further representations from Mr B and LV, my provisional decision was that I intended to uphold this complaint.

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.

Neither Mr B nor LV had any further comments to make. And as I haven't received any further representations to consider, I can see no reason to change my provisional decision.

Putting things right

I require Liverpool Victoria Insurance Company Limited to do the following:

1. Reimburse Mr B £745.07 for his recovery costs, adding interest at the rate of 8% simple per annum from the date of payment to the date of settlement†.
2. Pay Mr B £200 compensation for the distress and inconvenience caused by its handling of his claim.

†If LV considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr B how much it's taken off. It should also give Mr B a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Liverpool Victoria Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 19 February 2024.

Phillip Berechree
Ombudsman