

The complaint

Mr C has complained about Car Care Plan Ltd (CCP), the administrator of his car warranty. It didn't tell him the policy was due to renew and when Mr C realised it hadn't, CCP wouldn't reinstate it.

What happened

Mr C had a warranty. He viewed it as an investment in the vehicle which would not only protect the vehicle whilst he owned it but would enhance any future sale prospects (not least as the warranty was transferrable). The warranty recommended servicing via a manufacturing garage and Mr C did that.

The warranty was due to renew in 2023. In 2022, starting in May, Mr C had received at least three communications from CCP telling him the policy was about to expire and what his options were for renewing. He didn't receive any such communication in 2023 and in September 2023 he noticed no payments had been taken from his bank account. He contacted CCP. It said a technical error had meant it hadn't contacted him at renewal and apologised. But as the warranty had expired it could not be reinstated.

Mr C complained to the Financial Ombudsman Service. CCP said the underwriter for the policy would have reinstated cover within 30 days of expiry – but it had been much longer than that before Mr C had contacted it. So, CCP said, the underwriter wasn't prepared to reinstate cover. Mr C noted he could not get a comparable warranty elsewhere – the cover he could find was more expensive and less beneficial. He said he'd spent about £1,500 on the CCP warranty (with manufacturing garage servicing), and he'd now lost that investment, with the potential sale value for the vehicle being affected too.

Our Investigator felt that CCP should have contacted Mr C at renewal. She said £150 compensation was fair and reasonable to make up for the fact it had not.

Mr C said it was most important to him that the warranty was reinstated. He said if he could only expect compensation then £150 was not enough given the lost investment. His complaint was referred to me for an Ombudsman's consideration.

I was minded to uphold it. But with different redress to that suggested by our Investigator. So I issued a provisional decision to share with both parties, and give them a chance to reply to, what I felt was needed to resolve the issue.

I said provisionally:

"I note that CCP says that the expiry notification, which included the option for renewal, was not sent to Mr C due to a technical error. I also accept that if Mr C had received that notification from CCP, he would have arranged the further cover. So the fact that Mr C's warranty did not renew was the fault of CCP."

Ideally Mr C would have remembered the date the warranty was due to renew. But I note what he says – that he'd expected CCP to notify him as it had the year before. It was only as time passed and he thought he should have received something from it that he checked his

bank and found no payments had been taken. I'm not persuaded that it's fair to say that because Mr C did not realise in time (within 30 days) that reasonably remedies the error from CCP – it not sending notification to him – that put the whole situation in motion.

CCP then should be putting things right – which really means placing Mr C back into the position he would have been in but for its error. Strictly speaking that would be with him having the warranty. The difficulty though is that CCP is not the underwriter of the warranty. CCP acted, or would have been acting, for Mr C when sending the expiry notification to him. So its error is not that of the underwriter (as it might be if it had been acting on the underwriter's behalf). And CCP can't force the underwriter to reinstate cover. Nor can I direct the underwriter to do so in a complaint against CCP. So whilst I understand that Mr C wants the warranty reinstating, it just isn't possible for me to make that happen for him.

I think £150 compensation does make up for the loss of expectation Mr C had about having cover for this vehicle. So I'll award that. And our Investigator has explained that this was not really an investment situation – the money Mr C spent on servicing afforded him cover under the warranty whilst it was in place. And as Mr C hasn't sold the vehicle it isn't known if a lack of warranty has/will affect its value. With Mr C also not having incurred a financial loss. But I do think there's more I can require CCP to do to put Mr C as closely as possible, given the restraints I've explained, to the situation he would've been in but for its error.

Mr C clearly wanted to have a warranty in place for his vehicle. I accept it is going to cost him more per month to now achieve this. Also that the policy benefits will likely be different. So if Mr C obtains a warranty, CCP should reimburse him the difference between the price he pays for the new warranty and what he would have paid if his policy through CCP had renewed in 2023. And should Mr C have an incident which would have led to a claim on the CCP arranged warranty, which his new warranty won't cover or will but with some loss to Mr C – CCP will have to reimburse Mr C's outlay up to the amount the warranty through CCP would have paid. The cover provided by the CCP arranged warranty in 2022 should be used for comparison purposes.

I can only reasonably require CCP to do this for one year. That's because each year is a new contract, and there wouldn't have been any guarantees that a warranty in future years would've either been offered by CCP or taken by Mr C.

I appreciate that my suggested redress will mean Mr C will have to go to extra trouble, to contact CCP, when he arranges a new warranty and/or if he has to make a claim. I accept that's not ideal – but I think it's a fair and reasonable way to make CCP liable for the consequences to Mr C of its error.”

CCP did not respond. Mr C did and was generally pleased by the outcome. But said he'd like to have redress which would give him a clean break from CCP – rather than tying him to go back to it for additional costs of cover or in the event of a claim. He provided screenshots showing what a new warranty would cost. He also noted that where I'd said the redress would apply for one year, his warranty with CCP could have continued until 2028.

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.

I appreciate that it's possible that the warranty via CCP could have renewed each year until 2028. But it's also possible that it might not have done. So I can't reasonably require CCP to make up for any future loss for Mr C over that whole term. The only period I can be sure about is one year.

I've considered Mr C's request for a 'clean break', including the screenshots he's provided. However, I can only fairly make CCP reimburse him, or make up for, established losses. The screenshots don't provide enough detail to show a warranty for Mr C's car has been taken out – and I don't know what the cost for a renewed warranty via CCP would have been. So I can't fairly just award a cash amount to Mr C. Rather if Mr C has arranged the warranty cover for his car, as the screenshots might suggest, he'll need to provide the cover details to CCP.

CCP did not reply to my provisional decision. I've considered Mr C's response but it hasn't changed my view on the fair and reasonable redress due on this complaint. As such, my provisional findings and award, along with my further comments here, are now the findings and award of this, my final decision.

Putting things right

I require CCP to pay Mr C £150 compensation.

Further, if Mr C obtains an alternative one year warranty and sends evidence of this, including its cost to CCP, it should reimburse him the difference in cost between the new warranty and what he would have paid for cover if his policy had renewed through CCP.

Additionally, during the period of cover for the new warranty, if Mr C has an incident:

- Which the new warranty won't cover but the old would, or;
 - For which the cover is less on the new warranty than that of the old;
- CCP should reimburse Mr C any losses he suffers when comparing what he would have been entitled to under the expired warranty terms.

My final decision

I uphold this complaint. I require Car Care Plan Ltd to provide the redress set out at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 23 February 2024.

Fiona Robinson
Ombudsman