

The complaint

Miss L has complained about her motor warranty provider AWP P&C SA in respect of service received when she broke down, needing her car to be repaired and recovered to her home address. And also because her claim for repair costs was declined.

What happened

Whilst on holiday on 20 July 2023 Miss L's car broke down. Miss L had a warranty with AWP which covered her for repair but also recovery and roadside assistance. She had trouble getting through to the recovery team. Roadside assistance was sent to Miss L, but it was established that no repair could be completed at the roadside because that would invalidate the repair part of the warranty. Miss L's car was recovered to a garage the next day.

The warranty also offered a courtesy or hire car. Miss L experienced some difficulty in getting a car. She had to make a lot of calls and it wasn't clear if one would be provided and, with the holiday ending, Miss L wasn't sure how she, and her disabled mother, would get home. A small car was provided and they did get home.

Miss L began trying to get updates from the garage about her car. She was told the catalytic converter needed replacing and AWP had refused to cover that under the warranty due to corrosion. Miss L called AWP, it said there was no claim and she should speak to the garage. The garage said Miss L would have to pay for the repair. Miss L managed to secure a 10% discount on costs and felt she had no choice but to go ahead. The car was repaired and recovered to Miss L's home address on 31 July 2023.

Subsequently Miss L complained about the service and decline of her claim. AWP accepted that it had failed her regarding the service provided. It accepted that had caused distress and inconvenience. It apologised and offered £250 compensation. But regarding the repair, it said no claim had been made. AWP referred Miss L back to the garage, explaining that as it had made a decision to not progress a claim, there was nothing AWP could do because it hadn't been furnished with any diagnostic reports or evidence upon which a claim could be considered. When Miss L complained to the Financial Ombudsman Service AWP explained further that a claim is only progressed by a garage if the garage feels it will be successful.

Our Investigator felt poor service had been provided by AWP, including in respect of a claim not being progressed. She felt it should assist Miss L with getting necessary reports from the garage and consider the claim. She also felt it should pay a total of £450 compensation.

Miss L was happy with the outcome. AWP said it didn't think that was fair. It said making a claim is up to the warranty holder. But also that claims will only be progressed if they're felt to be successful. And it couldn't be reasonably expected to follow up on every unsuccessful claim. It maintained that the onus is on Miss L to follow up with the garage.

The complaint was referred for an Ombudsman's 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.

I've only included a brief background above. But I can assure both parties I've understood all of the failures and upset which occurred in the twelve days Miss L was without her car. I accept that some of the upset came from the timing of the breakdown event, and AWP can't reasonably be blamed for that. But I also think that the failures by it which did occur, leaving the repair claim issue aside for a moment, made a worrying time much more stressful for Miss L. AWP has acknowledged that, apologised and offered £250 compensation. I think that's fair and reasonable.

Turning to the claim for the repair issue. In respect of most insurance policies, it is up to the warranty holder to make a claim. That's not unusual. But what feels unfair here is that whilst Miss L was doing all she could to make a claim, AWP's agent refused to progress the matter as a claim. And AWP seems to think that then means it has no liability for any repair or debate about the fairness of that decision, because it was made by the garage.

I note that, in respect of making a claim, the policy wording seems to seek to make the garage the agent of the warranty holder; stating that the garage will only process a claim on "your behalf" if it's felt to be successful. But in a situation where a policy gives authority to a third-party to determine claims, I think it's reasonable to view that third-party as acting as an agent of the insurer. It seems unfair to me that Miss L would end up blocked and stuck between the garage telling her the claim is declined on policy terms and AWP telling her there is no claim because the garage has determined a claim wouldn't have been successful. With AWP then also telling Miss L that her only route of recourse is to deal with the garage. It seems as though AWP has put in place processes that prevent consumers being able to complain. I'm satisfied it should now log a claim and consider it.

Miss L paid for the work. So she should be able to get some detail from the garage such as diagnostic reports and details of the work it did. AWP should assist Miss L in that respect where necessary. And if less evidence is available about the damage and repair than AWP might usually wish to see, it will have to place any benefit of doubt in Miss L's favour – after all an insurer is generally expected to be able to support any claim decline with a reasonable level of evidence. If Miss L is unhappy with AWP's further actions or its decision on the claim, she would be able to make a further complaint.

From the notes AWP has provided it is clear that Miss L called it several times to try and progress this as a claim. I can see that this all happened alongside the failures AWP accepted and offered £250 for. As I noted above those failures caused additional stress at an already worrying time. With the repair issue adding further still to that impact. I'm also mindful that Miss L had to take time to mitigate the situation by seeking a discount, but even with that she had to find over a £1,000 at short notice to get her car fixed. And whilst she complained to AWP in August 2023, it wasn't until December 2023 that it provided her its final response. I've also found that extremely delayed answer by it, regarding the claim, was unfair and unreasonable. I'm satisfied that a further £200 compensation is fairly and reasonably due.

Putting things right

I require AWP to:

- Log a claim and, having assisted Miss L with gaining any available evidence about the damage and repair, to review the claim in line with my comments above and the remaining terms and conditions of the warranty.

- If the claim is accepted, any costs reimbursed to Miss L should have interest applied to them from the date Miss L paid them until settlement is made.
- Pay Miss L a total of £450 compensation, but if £250 of this has already been paid, only the £200 remaining will need to be paid.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require AWP to take off tax from this interest. If asked, it must give Miss L a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require AWP P&C SA to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 8 May 2024.

Fiona Robinson
Ombudsman