

The complaint

Mrs R has complained about her motor warranty provider London General Insurance Company Limited (LGI) because it has declined her claim for replacing a suspension bush.

What happened

Mrs R noted a sound in the front wheel area of her car. The garage she took it to determined the suspension bush had debonded. The garage called LGI to make a claim. LGI told the garage that 'debonding' wouldn't be covered by Mrs R's warranty, which was for sudden mechanical failure. Mrs R paid £180.65 to have the car fixed.

Mr R, on behalf of Mrs R, challenged LGI's decision. He said the car had done lower than average mileage and was mostly only driven on motorways. He said the failure had been sudden and presented an email from his garage which referenced the part failing prematurely. LGI maintained that a sudden mechanical failure had not occurred. Mrs R made a complaint to the Financial Ombudsman Service.

Our Investigator noted that the policy required sudden damage to have occurred to cause either a mechanical or electrical breakdown. She felt debonding wasn't something which occurred suddenly, or that debonding of the bush amounted to a mechanical failure. So she felt LGI's decision to decline the claim had been fair and reasonable.

Mr R said it is a mechanical part and there was a mechanical breakdown because it was working then it was not. He said the garage had confirmed the failure occurred suddenly. Mr R said the garage's assessment was more reliable than LGI's, with LGI only having viewed images of the part. He maintained the car had done below average mileage.

The complaint was referred to me for an Ombudsman's decision. I felt it should be upheld – that LGI should reimburse Mrs R's repair invoice, plus interest and pay £100 compensation. So I issued a provisional decision to explain my views to both parties. Subsequently, neither party responded to my suggested outcome.

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 said provisionally:

"I appreciate that debonding is often viewed as a process which occurs gradually. But I'm not convinced LGI can fairly and reasonably decline the claim here. Not based on the policy terms, this service's approach and the evidence available. So I'm issuing this provisional decision to explain my views. Both parties will have a chance to respond before I make a final decision."

For Mrs R to claim successfully under the warranty, the car has to have suffered an electrical or mechanical breakdown. This is clearly nothing to do with the electrical systems of the car. So I've considered whether there was likely a "mechanical breakdown".

I note LGI has argued the part in question is not mechanical. I'm mindful that a suspension bush is, effectively, a cushion to absorb pressures and prevent metal parts rubbing together. So I accept, that is not mechanical in nature. But the suspension system, of which the bush is a component part, is clearly mechanical. And the warranty defines "mechanical breakdown" as a "sudden and unforeseen failure of a component". So the part, in and of itself, does not have to be mechanical for there to be a mechanical breakdown. And the bush, the component part, had failed.

Moving on to the other parts of the definition. Our approach is that if a part needs repairing or replacing, for the car to be driven properly that is enough, on the face of it, to satisfy that something sudden and unforeseen has occurred. That seems to have been what happened here and LGI hasn't presented anything to show this damage was to have been expected. So I'm currently satisfied there was a mechanical breakdown.

The warranty, like many, does contain exclusions. LGI has argued the part had failed naturally. And I note the exclusion for a part which has 'reached the end of its working life due to expected deterioration'. But LGI has presented little expert evidence to support that. It's claims and complaint handlers have commented on this, and its file says two in-house engineers said it was natural wear and tear. But there is only one comment which LGI says has come direct from an engineer. And I note we only have its word in that respect – the document hasn't come directly from an engineer.

The document is a photo of the bush, with some annotation on it marking areas of interest. And there is a typed comment. This acknowledges there was no formal report, and I'd add there was no inspection by LGI of the car or part. The commentary continues:

"The image provided doesn't demonstrate a sudden mechanical failure, I have highlighted where the bush has begun to debond and delaminate which is a progressive condition. The image is clear the bush is in a deteriorated condition and has not suffered a sudden breakage."

Whilst LGI didn't inspect the car or part, Mrs R's garage did. And the garage, having seen the car and part, determined that the part had failed prematurely.

Our approach in respect of issues of wear and tear is to consider whether the insurer has shown the part has reached the end of its natural life. LGI's reported engineer's comment focuses on whether the damage was sudden – but I've dealt with that above. The comment doesn't say anything to explain why this part has reached the end of its natural life. It adds little really because it's not disputed that the part is deteriorated, and that debonding has occurred. The only expert evidence available about the lifespan of the part is from Mrs R's garage. And I find that persuasive because the garage was able to take into account the specifics of the car and closely inspect the part.

I'm satisfied that a mechanical breakdown did occur. I'm also satisfied that LGI has not shown the claim is excluded for reason of the part having reached the end of its natural life. As such I'm minded to require LGI to reimburse Mrs R's £180.65, subject to her presenting the repair invoice. I intend to require it to add interest to the reimbursed sum from the date she paid the invoice until settlement is made.

I also intend to require LGI to pay Mrs R £100 compensation. I'm satisfied she was caused some distress and inconvenience by it declining the claim – but that she mitigated the situation by paying to have the car repaired.”

As neither party has objected to my findings, I've no need to change or comment further on them. As such my provisional findings are now those of this, my final decision.

Putting things right

I require LGI to pay Mrs R:

- £180.65, subject to her presenting the repair invoice, plus interest* added from the date the invoice was paid until settlement is made.
- £100 compensation for distress and inconvenience.

*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 LGI to take off tax from this interest. If asked, it must give Mrs R a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require London General Insurance Company Limited to provide the redress set out above at “Putting things right”.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 12 March 2024.

Fiona Robinson
Ombudsman