

The complaint

Mr T complains that Acromas Insurance Company Limited (“Acromas”) has unfairly declined a claim he made under his breakdown repair policy.

What happened

Mr T held breakdown repair cover with Acromas, which he took out over the phone in 2020. On 24 June 2022, he made a claim under the policy following a breakdown and Acromas settled it. He made another claim on 15 September 2023 following another breakdown. It was at this point that he was asked to provide evidence of the vehicle’s insurance.

When the requested documents weren’t provided, Acromas reminded Mr T that he’d need to send these, in order for it to consider his claim under the parts and garage cover. Mr T provided the documents, but Acromas noticed that Mr T’s insurance policy commenced on 29 September 2023 which was after the breakdown occurred, and that his policy covered carriage of goods.

As delivery vehicles were specifically excluded under the parts and garage policy, Acromas advised that they wouldn’t be able to accept the claim. Mr T complained, saying he’d been mis-sold the breakdown repair policy.

Acromas responded to the complaint, saying that on page eight of the parts and garage cover policy booklet, it specified that vehicles used to carry goods for reward – including vehicles used to provide transport for food in return for payment – weren’t covered.

Mr T didn’t agree. He said he’d not been told about any changes in cover and the policy had covered his vehicle previously. So he referred his complaint to this service.

Our Investigator considered the complaint, and Acromas made an offer to refund Mr T his premiums for the 2022/2023 policy year, which came to £145.80. As Acromas also accepted that it should’ve done this sooner, it increased its offer to £200. Our Investigator thought this offer was fair in the circumstances.

Mr T didn’t agree with our Investigator’s opinion. He said he’d had to purchase his own parts and get the vehicle repaired himself, and didn’t get the support he was expecting after paying his insurance premiums. He said he was never advised when he took out the policy that his commercial vehicle would need different cover. And that his losses have been far greater than the £200 offered.

Because Mr T didn’t accept the offer, the complaint has now been passed to me to decide.

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.

Having done so, I consider the offer Acromas has made since the complaint was referred to us, to be fair in the circumstances. I’ll explain why.

Page 8 of the parts and garage policy says:

“Nominated Vehicle: A car, van, motorhome or motorcycle, whose vehicle registration number is detailed on the letter accompanying Your policy booklet that is also eligible for breakdown assistance under Your AA membership but excluding caravans and other trailers, kit cars and any vehicles used to carry goods for reward including taxis and vehicles used for driving instruction and those used to carry goods for reward including haulage, the provision of courier services, or parcel delivery”.

Based on the above policy term, I'm satisfied that the parts and garage policy didn't cover vehicles used for transporting food in exchange for payment, which is what Mr T's vehicle was used for. Mr T says if that's the case then the policy was mis-sold as he was never told about the change in policy terms.

But Acromas has told us that the policy terms didn't change from year to year. Mr T was sold a policy that didn't cover hire and reward vehicles, but when he made the claim in 2022, Acromas covered it because his use of vehicle hadn't come to light. This is because in 2022 Mr T's vehicle was showing as insured on the Motor Insurers' Bureau insurance database.

The use of the vehicle as a delivery vehicle only came to light when Acromas received Mr T's 2023 claim, and noticed that the vehicle appeared to be uninsured on the database. When it asked Mr T for his insurance documents, that's when it realised what he'd been using his vehicle for.

We've asked for a recording of the call in which Mr T was sold the policy. But unfortunately, due to the passage of time, a recording of this call isn't available. So I asked for any information which might reflect what would've been discussed in that call, such as call notes or a script which would've been used at that time.

Acromas sent me its conversation guide, which indicates to me that clear questions would've been asked about the use of the vehicle when the policy was taken out. I say this because on page 9 of the document, the call handler is required to establish the need for parts and garage cover by asking, *“Is your vehicle used for hire and reward – for example as a taxi or courier – or for driving instruction?”* The answer to that question would've determined whether Mr T was eligible for parts and garage cover. And the dates on the conversation guide satisfy me that it was likely used at the time Mr T took out his policy.

In light of the above evidence, I don't have enough evidence to safely conclude that the policy was mis-sold to Mr T when he took it out. And because the policy terms hadn't changed, I don't consider Acromas had to make Mr T aware of what he thinks were new terms. It follows therefore, that I think the offer made by Acromas to refund Mr T his premiums for the 2022/2023 policy, from which he did not obtain any benefit, is fair and reasonable in the circumstances.

And because I don't consider the policy to have been mis-sold, I'm not going to require Acromas to do anything in addition to providing the refund and compensation of £200 that it's offered.

Putting things right

I've considered the offer put forward by Acromas and I think it's fair in the circumstances, for the reasons I've explained above.

Acromas Insurance Company Limited should now pay Mr T £200 in settlement of this complaint, if it hasn't done so already.

My final decision

My final decision is that I uphold this complaint and require Acromas Insurance Company Limited to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 6 December 2024.

Ifrah Malik
Ombudsman