

The complaint

Mr G complains about Acasta European Insurance Company Limited's ("Acasta") initial decision to decline his claim under his motor warranties policy.

What happened

Mr G took out two policies with Acasta to provide cover in the event of any damage to specific parts of his car. He took out a 'Complete Wheel Protection' policy which provided cover against any damage to the alloy wheels and tyres. And he also took out a 'SmartCare' policy which provided cover against any cosmetic damage to the interior, exterior and alloy wheels. Mr G made a claim to Acasta for damage to his alloy wheel, but this was declined on the basis he'd already reached his policy limit of four claims in a policy year under his Complete Wheel Protection policy. Mr G then asked Acasta whether a claim could be considered under the SmartCare policy, and this was declined on the basis Mr G already had cover for his alloy wheels from a separate policy. So, Mr G complained about Acasta's decision.

Acasta responded and explained the Complete Wheel Protection policy covered accidental damage for up to four alloy wheel claims in a policy year. They said, while in effect, Mr G had been sold two alloy wheel policies - and therefore insured the alloy wheels twice - which could be considered as dual insurance, they'll honour both policies as separate entities, and in the way they were sold to Mr G. Acasta said, while Mr G had reached the limit of claims for his Complete Wheel Protection policy for the current policy year, they'll accept his claim against his SmartCare policy. Acasta then sent a further response in which they accepted they'd incorrectly declined the claim. Mr G referred his complaint to our service and said Acasta's error had an impact on him so they should pay compensation.

After considering all of the evidence, I issued a provisional decision on this complaint to Mr G and Acasta on 6 June 2024. In my provisional decision I said as follows:

"Firstly, I've looked at the service given to Mr G. My role requires me to say how a complaint should be settled quickly and with minimal formality and so I'll focus on what I consider to be the crux of the complaint and the main areas of dispute. The key facts about the complaint aren't in dispute. Acasta accept they got things wrong in originally declining Mr G's claim when considering it against his SmartCare policy. While I acknowledge they've then taken appropriate steps to accept Mr G's claim and carried out the repairs, I've looked at whether the original decision to decline the claim has had an impact on Mr G. And from the information I've seen, I think it has.

It's clear Mr G was frustrated after Acasta declined to consider his claim under his SmartCare policy. And he was left confused about why the claim limit available under this particular policy – which also provides cover for damage to alloy wheels – wasn't applicable to his claim. Claim notes provided by Acasta show Mr G had a few conversations with Acasta to challenge their decision but they maintained cover couldn't be provided under the SmartCare policy. Information provided by Mr G shows he then had to contact the broker to discuss his concerns about the claim decision. And it appears the decision to accept the claim then followed shortly after.

So, I think this demonstrates Mr G was caused inconvenience in having to make additional calls.

So, I do agree with Mr G's account that Acasta's decision to decline his claim had an impact on him. After Mr G made the claim, it was declined the following day when considered against his Complete Wheel Protection policy. On the same day Mr G then asked for the claim to be considered against his SmartCare policy and this was declined the same day. Acasta then accepted the claim eight days later. And, as mentioned above, it's clear there were further conversations between Mr G and Acasta and also the broker. I can see Mr G believes £50 compensation would be appropriate in this case. I agree that's fair and reasonable in the circumstances – and takes into account the frustration and inconvenience caused to Mr G.

I understand Mr G is unhappy about Acasta's complaints handling and their final response. Complaint handling isn't a regulated or other covered activity. So as a general rule, and in line with the law, if the complaint is solely about complaint handling, we wouldn't be able to look into things. Where complaint handling forms a part of a customer's complaint, then we can take into account complaint handling when looking at the overall customer experience. In this case, I can't say the issues which Mr G raises about the complaints handling are an extension of the issues which relate to regulated activities, so I can't look into the complaint handling part of the complaint."

So, subject to any further comments from Mr G or Acasta, my provisional decision was that I was minded to uphold this complaint and require Acasta to pay Mr G compensation of £50.

Following my provisional decision, Mr G has accepted my decision. Acasta have responded and say, while they don't completely agree with my decision, they will agree to send Mr G £50 compensation. Given that both parties have responded, I see no reason to delay making my final 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.

Having done so, I see no reason to depart from my provisional decision. So, I've decided to uphold the complaint for the reasons set out in my provisional decision and copied above.

While I acknowledge Acasta say they don't completely agree with my provisional decision, they haven't provided any further comments for me to consider. So, as mentioned above, I uphold the complaint for the reasons already set out.

Putting things right

I've taken the view that Acasta have made an error in initially declining to consider Mr G's claim under his SmartCare policy. So, Acasta should pay Mr G £50 compensation for the frustration and inconvenience caused.

My final decision

My final decision is that I uphold the complaint. Acasta European Insurance Company Limited must take the steps in accordance with what I've said under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 8 July 2024.

Paviter Dhaddy
Ombudsman