

The complaint

Mr R complains Pendragon Finance and Insurance Services Limited mis-sold him a tyre and alloy wheel policy.

What happened

Mr R bought a vehicle which came with, amongst other things, a tyre and alloy wheel insurance policy.

Mr R says he's had issues with the vehicle since it was delivered. Mr R says it was found that one of the tyres on the vehicle had been replaced, prior to it being delivered to him. He said it had been accepted that the replacement tyre didn't match the manufacturer's stipulation that it should be 'N-rated'. Mr R also says after the car was delivered to him he noticed another tyre was damaged. He said the dealership originally tried to blame him for the damage, before later accepting it had caused the issue. He says the tyre was replaced but he complained to Pendragon that the tyre and alloy wheel policy had been mis-sold. He said he wouldn't have been covered as the car had been operating with a non N-rated tyre.

On 13 March 2024 Pendragon sent Mr R its complaint final response letter (FRL) relating to the mis-sale of the tyre and alloy wheel policy. It didn't accept it had been mis-sold. It said the non 'N-rated' tyre wouldn't have meant a claim would be declined under the policy. It said if Mr R was unhappy with the cover, he could cancel it and receive a pro-rata refund.

Unhappy with Pendragon's response, Mr R brought his complaint to the Financial Ombudsman Service for an independent review. He said it was mis-sold as the dealership would have known that the insurance wasn't performing as it should have been. He also said he'd had an independent report carried out that said having the tyres fitted as they had been would likely invalidate his insurance.

Our Investigator didn't agree the policy had been mis-sold. He didn't think the rating of the tyre would have invalidated the insurance.

In response Mr R said his complaint had been misconstrued. He said his complaint had actually been that the dealership sold the policy knowing that it had damaged the wheel. He said he'd been compensated by the dealership for the damage caused - which it had admitted now wasn't his fault - but this didn't deal with the fact that he'd been intentionally mis-sold the policy.

Our Investigator still didn't think the policy had been mis-sold. Whilst noting this hadn't been addressed in the FRL, our Investigator said Mr R hadn't had to make a claim under the policy to replace the wheel, as the dealership had done it. And he thought a tyre having been previously damaged before he took ownership would not exclude Mr R from making a claim for damage that may occur while he owns the car.

As the matter hasn't been resolved, it has been passed to me to decide. It is worth setting out that I'm aware Mr R has other complaints relating to the purchase of his vehicle, but I've only considered the sale of the tyre and alloy wheel policy as part of this complaint.

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.

As this is an informal service I'm not going to comment on every point made or piece of evidence referred to by both parties. However, I would like to assure Pendragon and Mr R that I have read and considered everything provided. I've also listened to recordings of telephone conversations between our Investigator and Mr R, as he requested.

From those phone calls I understand Mr R's argument to be that the tyre and wheel policy was mis-sold intentionally, with Pendragon knowing he'd then have to claim on it because it had delivered a car to him with a tyre which it knew to be damaged.

It seems to me from reviewing the documents from the sale that there are several optional insurances or add-ons that Pendragon offer. One of those is the tyre and alloy wheel insurance. So I don't think the only reason Pendragon offered Mr R this policy was because it knew it was responsible for damaging a tyre and it therefore wanted him to have to make a claim on it for the tyre to be replaced. It seems to me this policy, along with others, is offered as standard as part of its sales process. So I don't think this is evidence of an intentional mis-sale to Mr R.

I consider a discussion about these insurances and add-ons must have been had, as I can see from the document that Mr R agreed to take out the tyre and alloy wheel policy, and another policy, but declined a third. So on balance I'm satisfied he was aware that the policy was optional and he didn't need to take it out as part of buying the car.

So Mr R could have declined to take the cover out if he felt that it wasn't needed. I don't think Pendragon was unreasonable in offering the policy to him. He has said the dealership later accepted it had caused the damage whilst in possession of the vehicle, but I'm not persuaded that Pendragon only sold the policy to Mr R because it knew about an issue with the tyre. I find it's more likely Pendragon sold the insurance as part of its usual sales process.

Mr R's also said that given the car was fitted with a 'non N-rated tyre', this could have invalidated the insurance. Having read the terms of the document, I can't see that this is the case. It also seems to me from Mr R's testimony any issues with the tyres have been rectified, without him having to make a claim on this policy.

Mr R says that Pendragon, in selling the policy, knows that the underwriter will interpret the terms of the policy to suit it and decline any claims. I think he's referring to issues he's had claiming on another separate warranty in support of this. But I'm not satisfied that is evidence of Pendragon mis-selling this policy to him. It is ultimately up the underwriters to decide the outcome on claims. And if Mr R ever did have an issue making a claim under this policy, this service could always review a complaint against the underwriter about that, once it had had an opportunity to respond to it.

If Mr R feels the policy isn't of benefit to him Pendragon has said in its complaint response that he can cancel it for a pro-rata refund. I consider that to be a reasonable response to the complaint. But I don't think Pendragon needs to refund Mr R what he paid for the policy and treat the policy as if it was never in force, as I don't find it was mis-sold.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 December 2024.

Michelle Henderson

Ombudsman