

The complaint

Mr T complains that Amtrust Europe Limited has unfairly withdrawn funding from a claim under his motor legal protection insurance policy.

Where I refer to Amtrust, this includes the actions of its agents and claims handlers for which it takes responsibility.

What happened

The detailed background to this complaint is well known to both parties, so I'll only summarise the key events here.

In 2023, Mr T had his car serviced at a garage. He subsequently experienced problems with the car and when the garage couldn't locate the cause, he took it to a dealership. They found that the garage had trapped a live wire when replacing the air filter and to repair this, a full replacement of the electrical harness was required.

The garage didn't agree that a full replacement was needed, so Mr T arranged for the repairs to be carried out elsewhere at his own cost for approximately £7,000. He made a claim on his motor legal protection insurance policy to take legal action against the garage to recover his losses.

Amtrust instructed a panel firm of solicitors to conduct a legal assessment. The solicitors were satisfied Mr T had reasonable prospects of successfully pursuing legal action against the garage and that there were reasonable prospects of recovering his costs.

Based on this advice, funding was approved under the policy for the solicitors to send a Letter of Claim to the garage. But the garage didn't respond.

Amtrust said there was no more funding available under the policy as the claim wasn't proportionate to pursue any further. It relies on a policy condition which says it will only pay legal costs up to the amount that Mr T paid for the initial service of his car.

Mr T didn't think this was fair as the value of his claim was for £7,000, not the cost of the service. He brought a complaint to our Service.

Our Investigator was satisfied Amtrust had handled the claim in accordance with the policy terms and hadn't treated Mr T unfairly. So she didn't uphold the complaint. As Mr T didn't accept this outcome, the complaint has 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.

I'd like to reassure Mr T that whilst I may have condensed what he's told us in far less detail and in my own words, I've read and considered all his submissions. I'm satisfied I've

captured the essence of the complaint and I don't need to comment on every point individually, or possibly in the level of detail he'd like, in order to reach my decision. This isn't meant as a discourtesy, but simply reflects the informal nature of our service.

The terms and conditions of Mr T's motor legal protection insurance policy says it will cover the following:

"Legal costs in respect of a legal claim, including making or defending an appeal, arising from a dispute under any contract made by you, or on your behalf, for:

- 1. buying your vehicle from a motor trader; or*
- 2. the servicing or repair of your vehicle by a motor trader.*

The most we will pay is:

- 100% of the purchase price of your vehicle for disputes under point 1 above; or*
- the cost of the initial service or repair that has led to the claim under point 2 above."*

The policy defines "legal costs" as:

"All properly incurred and proportionate disbursements, fees and expenses, charged by the appointed representative, or incurred under any fixed recoverable costs scheme, whichever is the lesser. Disbursements, fees and expenses in excess of the amount of damages that you are able to claim from your opponent will not be covered."

Mr T paid approximately £420 for the service of his car. As such, under the policy terms above, he's entitled to legal expenses funding up to £420.

I'm satisfied proportionate funding has been provided for the legal costs required to draft and send a Letter of Claim to the garage. But to take the claim to trial, legal costs and disbursements have been estimated at £8,000, which exceeds the cost of the initial service and is disproportionate to the value of Mr T's claim. So I'm not persuaded Mr T is entitled to any further funding under the policy terms.

On this basis, I don't think Amtrust has acted outside of the policy terms or unfairly by refusing further funding to pursue the claim. This doesn't prevent Mr T from pursuing the legal claim himself within the Small Claims Court.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 20 September 2024.

Sheryl Sibley
Ombudsman