

The complaint

Mr A complains that Elite Automotive Ltd (“Elite”) mis-sold him a motor warranty.

What happened

Mr A took out a mechanical breakdown motor warranty when he bought his vehicle in September 2023. Mr A says he was told at the time that the policy would cover everything and he wouldn’t have to pay towards repairs.

But when he had to make a claim for a replacement timing belt and possible engine replacement when an engine error code fault was diagnosed, he found that the policy didn’t provide more than £60 an hour for labour costs and had a total claim cap of £1000.

Mr A felt that he had been mis-sold the warranty and that it was effectively worthless as his vehicle was a high-end car with substantial repair costs. He tried to cancel the warranty over the phone but was unsuccessful. So he made a complaint.

Elite said, in its response to the complaint, that Mr A understood and agreed to the terms of sale and the product he was purchasing. It said the handover sheet clearly mentioned that the warranty had been discussed and Mr A had signed it.

Once the complaint was referred to this service, our Investigator considered everything – but ultimately didn’t think the complaint was one we could uphold. He said claims had been made under the warranty even if Mr A hadn’t followed through with these. So he’d had the benefit of the cover and just because the warranty had limits, this didn’t mean it had been mis-sold to him.

Because Mr A didn’t accept our Investigator’s view, 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’ve decided not to uphold this complaint. I’ll explain why.

The sale of the warranty happened in person, and the motor warranty was recommended by Elite. As it was a face-to-face sale, it’s not possible for me to know for certain exactly what was discussed. But I can see from the information provided that Elite gave Mr A a document which said *“For the optional Regulated Non-Investment Insurance Product recommendations I confirm that I have been provided with an Initial Disclosure Document and have been advised orally and supplied in writing of the significant benefits, exclusions, limitations, duration, cancellation rights, how to claim and price information for these products”*.

There’s an electronic tick next to this statement and the customer appears to have signed the document by text in person. There’s also a handwritten signature, which I’m persuaded is Mr A’s signature, on another document to confirm that the details of the warranty had been

explained to him.

Mr A was also sent warranty documents following the sale, which explained the limitations of cover. But more importantly, I'm satisfied that the warranty limits were explained to Mr A before he took out the policy. I say this because the contemporaneous notes confirm that discussions would've taken place and I think Mr A did want the warranty, even if it had limitations.

I'm also satisfied that successful claims were made under the warranty, even if Mr A chose not to follow through with them, as I've seen evidence of these. So Mr A had the benefit of the warranty as at least one claim was approved. I can see that labour charges were high and not fully covered by the warranty, but this doesn't mean that the warranty was mis-sold or not fit for purpose, as it would've covered unlimited claims with a cap of £1000 per claim. There would've been many scenarios in which this would've saved Mr A money, as the warranty cost him approximately £41 a month but could've potentially saved him much more than this with each claim.

As I understand it, the claims Mr A made under the warranty wouldn't have been covered by it in any event, and a warranty isn't designed to protect against every eventuality. I say this because Mr A made a section 75 claim to resolve the issue with his car, showing that the car was faulty at the point of sale, and that isn't something the warranty would cover. And I can't say it was mis-sold just because some repairs weren't covered or because the labour quotes for certain repairs were too high. It follows therefore that I'm not upholding this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 1 November 2024.

Ifrah Malik
Ombudsman