

The complaint

Mr H complains about how Liverpool Victoria Insurance Company Limited ("LV") handled a claim made on his car insurance policy.

LV are the underwriters of this policy, i.e. the insurer. Part of this complaint concerns the actions of the agent. Since LV accepts it is accountable for the actions of the agent, in my decision, any reference to LV includes the agent.

What happened

Mr H has fully comprehensive car insurance with LV. He purchased the policy on 1 January 2024.

On the same day Mr H was booked onto a ferry with a departure time of 11.50pm, due to arrive at its destination the following day.

When Mr H arrived at his destination his car broke down and was recovered to a nearby garage. The vehicle couldn't be repaired so Mr H made arrangements for a replacement car to take him and his family to their destination.

LV told Mr H that his breakdown cover wouldn't start until 00.01 on 2 January 2024. Since his ferry was booked to depart at 11.50pm on 1 January 2024 he wasn't covered for the breakdown of his car. LV said it would authorise the original recovery of the vehicle as a gesture of goodwill. If Mr H didn't want to accept the offer he could have a refund of his premium. Mr H arranged for the necessary repairs to be completed on his car and for it to be recovered back home.

Mr H wasn't happy with the service received from LV and so he complained.

LV said it had listened to the call Mr H made when he took out the policy on 1 January 2024. LV said the agent on the call confirmed Mr H wouldn't be covered since the European breakdown cover would need to be in place for seven days prior to any claim being made. When Mr H's car broke down LV arranged for the car to be recovered and taken for repair. LV said the terms and conditions say European cover needs to be in place for seven days before it can be used in Europe. LV said it had assisted Mr H by recovering his vehicle at no cost to him despite him not having cover in place. Mr H didn't agree so referred his complaint to this service.

Our investigator looked into things for Mr H. She said she thought the information provided to Mr H was not clear and the exception LV relied on only referred to section G1 of the policy, and not the whole policy. So she said LV should reassess the claim and pay him £300 for the distress and inconvenience caused.

LV didn't agree. It said Mr H was told if he was planning on going abroad in the next seven days he wouldn't benefit from any pre-departure cover such as hire car or cover for missed sea or channel tunnel crossing. LV confirmed cover started at midnight and since Mr H was

already travelling abroad prior to the cover being in place it was justified to repudiate the claim.

Because LV didn't agree the complaint has come 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 it is my intention to uphold it. I'll explain why.

Declining the claim

In LV's final response letter it says when Mr H called to add the European cover to his policy, *"the agent confirm that it would not be covered as it needs to be in place for seven days."* LV go on to explain European cover needs to be in place for seven days to be able to use in Europe as detailed in the terms and conditions.

So I checked the terms and conditions of the policy to see what it says.

In the section headed 'Important information about your cover' it says, *"Unless you give us a future start date your cover begins the day after you purchased the cover."* Mr H purchased the policy on 1 January 2024 so I'm satisfied the policy was in force on 2 January 2024. I haven't seen anything in the terms and conditions that confirms the policy needed to be in place for seven days. So, LV's reason for declining the claim isn't supported by the contract of insurance.

The policy confirms vehicle breakdown and recovery assistance will be provided within the policy period.

Section G deals with UK & European Assist. Section G1 relates to cover before you travel. That section confirms if the car breaks down during the seven days preceding the trip and can't be repaired LV will take steps to assist with hiring a replacement car. The exception to section G1 is, *"any claims resulting from a breakdown if you have purchased this cover less than seven days before your planned departure date."* During the call with LV the agent explained that Mr H wouldn't benefit from any pre-departure cover as he was travelling the following day.

Section G3 of the policy is headed 'Roadside assistance and local recovery' that confirms if the vehicle cannot be driven because of a breakdown during the trip it will try and repair the fault at the roadside or transport the vehicle to a local place of repair. If the vehicle can't be repaired by the end of the working day it broke down LV will pay £500 to transport the customer to their onward destination. Plus a contribution towards any additional accommodation costs.

There is an exception to section G3, that the terms and conditions of the hire car company must be met. There are no other exceptions to this section of the policy. So I don't agree European cover needs to be in place for seven days in order for Mr H to use the benefit in Europe.

It's likely if Mr H was told he needed to wait seven days before his European breakdown cover became effective he wouldn't have taken the cover out. I say this because his trip was only for seven days in total – so the cover would not have been of any use to him.

The general exception to all of section G is that the European Assist is effective the day after it is purchased. Mr H purchased the policy on 1 January 2024 so the cover was in force and effective on 2 January 2024.

Section I details other exclusions that apply and confirms LV won't be responsible for *"the cost of any service outside the period of cover"*.

Since Mr H broke down on 2 January 2024 I'm satisfied he had the relevant cover at the time his vehicle broke down. Further LV's notes say, *"checked policy centre and it states member has UK and European assist so have provided assistance."* And so LV should reimburse him for costs that he is entitled to under the terms of the policy

Ferry departure time

LV doesn't think it should accept the claim because Mr H left for his trip on 1 January 2024. Mr H has a genuine claim and took out the policy to cover him for situations like this. I don't think LV fairly declined the claim since it relied on a condition that doesn't apply to Mr H's circumstances. And I don't think relying on the definition of trip to decline the claim produces a fair and reasonable outcome in this particular case.

There has been much discussion over the time Mr H's ferry departed the UK and I've thought about this carefully. I can see *trip* is defined as *"a pre-booked continuous journey to the countries as specified within the geographical limits of Section G (UK & European Assist) which begins and ends in the UK within the policy period."*

Policy period isn't defined in the terms and conditions – it may refer to the motor policy period or the period of breakdown cover. On the notes provided by LV it confirms the policy period as 20 August 2023 to 19 August 2024. The same note also confirms *"UK and European Assist Eff Date 01/01/2024 Exp Date 20/08/2024"*. When Mr H contacted LV to report his vehicle break down LV checked its system and confirmed the policy was in place so it arranged recovery.

I think the wording around policy period is ambiguous. I've thought carefully about what is fair and reasonable here. It is arguable that LV is not able to rely on this 'condition' as it's unclear as to whether it applies to the policy period, or the period the breakdown cover was added. And therefore I think it should be interpreted in Mr H's favour. Which, in this case, would mean LV wouldn't be able to limit its outlay to only the recovery costs already paid.

Costs incurred

Mr H has made a claim for the following costs;

<i>Diagnostics</i>	<i>322.62 Euros</i>
<i>Repair</i>	<i>£820</i>
<i>Recovery</i>	<i>£1,600</i>
<i>Eurostar</i>	<i>£331.77</i>
<i>Legal Fees</i>	<i>£866</i>

LV has already covered the costs of the motorway breakdown service, hire vehicle, and a taxi fare.

Section G6 of the policy relates to repatriating the vehicle if it cannot be repaired. The terms confirm LV will *"pay any extra costs of transporting you...back to the UK."* So I'm satisfied LV should reimburse Mr H for the cost of transporting his family back to the UK.

LV has agreed to pay for the private tow if Mr H provides it with a copy of the invoice or 'pay & claim' and I think that's fair.

Section C deals with what is covered for roadside assist. In the exceptions to section C it says, "*Breakdown cover doesn't include the cost of any parts used to fix your car.*" So I don't think it's fair to ask LV to pay for the repair costs to the vehicle.

Mr H has asked to be reimbursed for his legal costs. We don't normally award compensation to someone who is complaining on behalf of a consumer and since our service is free to use I won't ask LV to reimburse those costs. Further, legal fees aren't covered by the terms of the policy so I won't ask LV to pay for those since they aren't something Mr H is entitled to under the terms of the policy.

Conclusion

For the reasons explained above I think LV should honour Mr H's claim for the breakdown and associated costs in line with the remaining terms and conditions of the policy. As I don't think it was reasonable to apply the seven-day exclusion clause, I don't think LV was fair to decline the claim. I don't think the supporting policy documents provided a sound basis to decline the claim. Therefore I uphold this complaint.

I've also considered the additional distress and inconvenience Mr H experienced as a result of LV turning down his claim, after initially accepting it. I appreciate it has already paid for the recovery of Mr H's vehicle following the initial breakdown. And LV has made strong representations as to why it doesn't consider an award for distress and inconvenience is warranted. But it's clear Mr H has been caused considerable stress on being told he didn't have cover in place, after being told initially he *did* have cover. At a time when his vehicle was broken down in another country while he had his family with him. So I think this, along with LV's handling and wrong decision on his claim, caused Mr H a considerable amount of distress and inconvenience.

Our investigator recommended a distress and inconvenience payment of £300. I've thought about this carefully and considering what's happened and what I've said above, I think £300 is a sensible level of compensation overall to reflect what's happened.

Putting things right

- Assess Mr H's claim in line with the remaining terms and conditions of the policy.
- Pay £300 compensation for distress and inconvenience.

My final decision

My final decision is that I uphold this complaint. I require Liverpool Victoria Insurance Company Limited to resolve the complaint by doing what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 9 January 2025.

Kiran Clair
Ombudsman