

## **The complaint**

Mr J complains that London General Insurance Company Limited (“LGI”) declined a claim under his car warranty insurance policy.

## **What happened**

Mr J had a warranty insurance policy with LGI covering his car. I’ll mention that the car was used by a family member, but for ease I’ll refer to Mr J throughout.

In July 2024 an engine management light came on and a local dealer diagnosed that the car needed a new catalytic converter at an estimated cost of about £650.

He made a claim from LGI.

LGI declined his claim as it said there was no evidence of a sudden failure of the catalytic converter. Mr J complained because there was no evidence that the catalytic converter had reached the end of its working life, or suffered negligence. LGI offered Mr J £50 compensation because the claim took longer to handle than expected.

Mr J was unhappy about LGI’s decision and he brought his complaint to this service. He asks that LGI pays his claim.

Our investigator looked into his complaint and thought it would be upheld. She said LGI hadn’t proved that its exclusion applied, so she thought it should pay the claim and add a further £100 compensation.

LGI didn’t agree with the view. It said Mr J hadn’t proved that cover applied. It asked that the complaint was reviewed by an ombudsman, so it’s been passed to me to make a 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.

I’ve looked at Mr J’s policy with LGI.

The key part of the policy which is the area of contention in this case is this:

*“What is covered - Covers your vehicle for the cost of repair or replacement... of any Covered Components in the event that any such Covered Component is subject to sudden and unforeseen mechanical or electrical breakdown...”*

The same clause contains an exclusion saying:

*“...unless such component fails due to negligence or reaching the end of its working life due to expected deterioration.”*

In insurance policies it’s the insured’s responsibility when they make a claim to prove that an

insured event has happened. And it's the insurer's responsibility to prove why an exclusion means it won't pay a claim.

As I've said above, LGI maintain that Mr J hasn't proved that there was cover for the catalytic converter, whereas Mr J maintains LGI hasn't proved the exclusion applies.

I've thought carefully about this and looked at the evidence on file. From the information I have, Mr J's catalytic converter failed before the age and mileage expected for vehicles like his. He's also mentioned there's no mention in the file about warning signs from the car's systems. That would seem to indicate to me that the part failed prematurely, which in LGI's policy wording means it was "*sudden and unforeseen*".

Where this leaves me is to think about the responsibility of proof for the failure of the catalytic converter. LGI are the experts here, and I don't think it's fair for it to rule that cover can't apply without first having shown that the exclusion takes precedence. I can't see mention in the file of the catalytic converter failing due to negligence.

What that would seem to show me is that LGI think the catalytic convertor failed due to "*reaching the end of its working life due to expected deterioration*". But, as I mention above, Mr J has reasonably shown that the car wasn't of an age or mileage that would mean the catalytic converter would be expected to be at the end of its life.

LGI also hasn't provided evidence of inspection of the part, which I reasonably think it needs to do if it's going to exclude cover. Instead, what it has done is supply a list of possible reasons why the catalytic converter may have failed. And I don't think that's good enough to be able to apply the exclusion.

It follows that I don't think LGI has shown that the exclusion applies, and it now needs to settle Mr J's claim in line with the remaining terms of the policy wording.

I've also thought about distress and inconvenience caused to Mr J, and his family member, caused by LGI's decision to not pay the claim. I can see from the file that the car has been parked up since the damage was discovered so I'm in no doubt there's been inconvenience here. I can see LGI offered him £50 for delays in the claim, but I think the inconvenience since then means LGI should pay an additional £100.

### **My final decision**

It's my final decision that I uphold this complaint. I direct London General Insurance Company Limited to:

- Settle Mr J's claim in line with the remaining policy terms; and
- Pay Mr J a further £100 compensation for his distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 28 January 2025.

Richard Sowden  
**Ombudsman**