

The complaint

Mr T complains that AWP P&C S.A. cancelled his motor warranty.

Mr T's policy was sold and is administered by a third party company on AWP's behalf and all his correspondence has been with this company, however AWP is the policy underwriter so his complaint is against AWP. Any reference to AWP in my decision includes the policy administrator.

What happened

Mr T had an extended motor warranty for his car, underwritten by AWP. In June 2024, AWP told Mr T his car was "*no longer eligible for cover*" because it was over ten years old. Mr T complained about this. He said he'd been sold the policy on the basis that it would continue until his car had done 120,000 miles, regardless of age.

AWP told him:

- Its underwriter had decided "*to terminate all agreements on vehicles over ten years old as per our terms and conditions.*"
- It acknowledged that it had allowed cover for Mr T's car despite it being more than ten years old.
- Its decision to terminate the agreement was in line with the policy terms which allowed it to give written notice of cancellation at any time.
- It also said it had given Mr T "*amicable time*" to find alternative cover.

Mr T didn't accept this and brought his complaint to this service. He told us, in summary:

- He changed his extended warranty from an annual policy to one that "*did not have any end date.*"
- AWP told him cover would continue until his car had done 120,000 miles.
- He deliberately kept his mileage low so he could maintain the AWP policy.
- AWP's decision to withdraw cover was unfair because he'd been paying a high premium since inception and the car's mileage was still only 65,000 miles.
- His car was first registered in December 2011, so was more than ten years old while it was covered by the extended warranty between December 2021 and June 2024.
- He asks why, if AWP didn't cover cars more than ten years old, it continued to take his premium for more than two years.
- He says the policy was mis-sold to him.

Our investigator recommended that the complaint should be upheld in part. She explained that underwriters sometimes changed their underwriting criteria, including withdrawing products from the market. She didn't think this was unfair or that Mr T's policy had been mis-sold. However, she agreed that AWP had told Mr T cover would continue until the car had done 120,000 miles. She thought this caused Mr T a loss of expectation and recommended that AWP pay Mr T £200 to reflect this.

Mr T didn't agree, so the complaint was passed to me to make a final 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.

The policy schedule gives the end date as "n/a". That's because the warranty was a rolling monthly 'pay as you go' policy, not because – as Mr T says – it "*is perpetual until [his] car had done 120,000 miles.*" The policy could be cancelled at any time, by either party. Mr T by stopping his premium payments; AWP by giving written notice, as set out in page 12 of the policy booklet: "*If you have a monthly policy we can cancel your cover at any time by sending you notice in writing to the last address you gave us.*"

I've listened to a recording of the original sales call in March 2020. The call refers to an earlier discussion where there appears to have been confusion about whether Mr T's car would be covered because of its age. AWP's agent confirmed that the monthly policy allowed the extended warranty to continue after his car was more than nine years old:

- AWP: "*If you do it monthly you've got no expiry date it just keeps on going til you want to cancel regardless...*"
- Mr T: "*He told me that wasn't the case.*"
- AWP: "*Yeah I've just spoken to him, there was a bit of confusion within the department. So when the product launched last year, back in February last year, there was an age limit of nine years, so I think people thought that nine years was when it cut off. But no, on a monthly [policy] it will keep going until you call to cancel as long as you purchase the policy before the vehicle gets to nine years [old] or 120,000 miles.*"

I'm satisfied that AWP's agent told Mr T this was a rolling monthly contract, and his car would be covered until it reached 120,000 miles regardless of age. That differs from the policy booklet ("*The maximum age limit for the vehicle is 10 years at the end of the period of insurance*"), so I think it's reasonable to conclude that – at the time Mr T took out the policy – AWP insured cars more than ten years old under the monthly policy, but not the 12-month or 24-month policies. That's consistent with its agent's explanation.

This service can't tell an insurer what cover it should offer. The risk of insuring a vehicle is AWP's to take on, so it's right that it – like any insurer – can decide how it assesses and prices risk, and what risk it's prepared to cover. When Mr T took out his policy in March 2020, AWP insured cars more than ten years old on its monthly policy. It withdrew this cover in or around June 2024. That's a commercial decision AWP is entitled to make.

I'm satisfied that AWP cancelled Mr T's policy in accordance with the policy terms. I'm also satisfied that it gave him adequate time to arrange alternative cover. It wrote to him on 21 June, explained its decision by phone and email on 28/29 August, and cancelled the policy on 28 September.

Finally, while I understand that Mr T would be disappointed about AWP withdrawing cover, I don't see how he's lost out. He paid a monthly premium for over four years and his car was insured as long as he paid this. He hasn't made a claim and he hasn't incurred any financial loss. While he argues that AWP set a "*far higher inflated premium*" for his car, he was under no obligation to accept this and could have sought cheaper cover elsewhere at any time.

Our investigator recommended that AWP pay £200 because it told Mr T it would cover his car to 120,000 miles but withdrew this four years later, causing a loss of expectation. AWP agreed to pay this. In the circumstances, I think this is fair. I make no other order or award.

My final decision

My final decision is that I uphold the complaint and order AWP P&C S.A. to pay Mr T £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 7 April 2025.

Simon Begley
Ombudsman