

## **The complaint**

Mr J complains that QBE UK Limited has unfairly declined to repair damage to his car following a breakdown. He feels this should be covered under his motor warranty policy.

## **What happened**

Mr J purchased a second-hand car from a local dealership in March 2022. He also purchased a motor warranty policy underwritten by QBE.

In December 2023, Mr J's car broke down and he wanted to have the car looked at by his local dealership. It wasn't able to look at this until February 2024. Mr J attempted to claim for the cost of the repair to be covered by his motor warranty policy but he was told this was not covered under the warranty.

QBE said Mr J hadn't met some of the policy terms when maintaining and servicing his car. Because the car had not been serviced at a VAT registered dealer, the warranty was invalid. On 5 March the claim was rejected and Mr J complained about the claim decision.

Mr J said he had completed his own services on his car because the local dealership was often difficult to find availability with. The time it took to book a slot to have his car looked at was longer than he felt was reasonable and there was no courtesy car available. QBE said the absence of a service by a qualified technician who was VAT registered meant the policy terms had been breached. Ultimately, QBE maintained its position and didn't think it had acted unfairly in declining to accept the claim and it didn't uphold Mr J's complaint.

Our investigator looked at this complaint and didn't think QBE had acted fairly. They felt QBE had failed to demonstrate that Mr J had received all of the policy documents at inception, so they were not persuaded Mr J had notice of the policy terms and conditions. They said this meant Mr J was unaware of the obligation on him to have his car serviced by a VAT registered garage. They also didn't think the service history and lack of this with a VAT registered garage should preclude the claim from being accepted.

Our investigator said that the rejection of a claim is unreasonable if the breach of the terms and conditions are not connected to the claim. There was no evidence that the damage to Mr J's car was the result of the service not being completed. So it was not material to the risk and what was being claimed. It followed there was no connection between the failure to meet the policy terms and the car's breakdown.

The complaint was upheld and our investigator asked QBE to reconsider the claim under the remaining policy terms and pay Mr J £100 compensation for the distress added when the claim was not considered when it should have been.

Mr J accepted the proposed recommendation.

QBE did not and it asked for the complaint to be referred for decision. It said it disagreed with the following:

- It didn't believe Mr J had complained about not being provided with the policy documents at inception. While it was unable to demonstrate these had been provided, it thought he was aware of his obligations under the policy and demonstrated this with his complaint.
- The lack of compliance with the policy terms meant the cause of the claim had not been investigated further as it felt there was no need for it to do so when there had been breaches of the policy conditions.

Our investigator's opinion remained that they felt it was fair for QBE to reconsider the claim and it was unreasonable to decline this when the failure to have the car serviced appeared to have no impact on the claim and reason for it. As a result, the complaint has been referred to me for 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 decided to uphold this complaint, for much the same reasons as our investigator and will explain why I think QBE needs to take steps to put things right.

It is not disputed that Mr J did not have his car serviced by a VAT registered car garage. Nor is it disputed that the terms and conditions of the policy place a requirement on the policyholder to *"ensure the car is regularly and punctually serviced in accordance with the manufactures recommendations by a dealer from whom the car was purchased or another reputable VAT registered dealer"*.

QBE has said it stopped investigating the claim further when it became aware Mr J had not met this obligation and was in breach of the policy terms. What is to be determined here is whether it has acted fairly when declining Mr J's claim based on this.

QBE has been unable to demonstrate that Mr J was provided with a copy of the policy terms at inception. It was not the seller and has reached out to the dealership for it to show what was provided, but hasn't been able to confirm this.

Mr J has provided a copy of all the paperwork he has and this does not include the terms and conditions of the policy. He has been consistent throughout with his testimony on the fact that he was not aware of the need for his car to be serviced by a VAT registered garage. And while I accept this as a requirement is not unusual for a motor warranty policy, I cannot be satisfied that Mr J was put on notice of his obligations within it.

However, even if Mr J were to have been provided notice of the obligation it does not change the fact that it would be unreasonable for QBE to refuse to consider the claim based on this not being adhered to.

Our investigator explained it would be fair to apply this if the damage to Mr J's car was affected by the service not having been completed. However, QBE didn't investigate the claim further or demonstrate that the damage was the result of this and in the absence of this, it hasn't demonstrated that the failure to comply with the policy condition has directly let to the breakdown. As this has not been demonstrated, I am not persuaded it has acted fairly or inline with its expectation as set out within the Insurance Code of Business Sourcebook (ICOBS).

ICOBS 8.1.2(3) explains it would be unreasonable for a claim to be rejected where the breach of a warranty condition is not connected to the claim. As I've said here, it hasn't been

demonstrated the failure to comply with the service condition has resulted in the breakdown and damage. So in the absence of this, I don't think QBE has acted fairly by failing to consider the claim inline with the rest of the policy.

The decision not to accept this claim has caused Mr J some distress and inconvenience. He's been unable to rely on the policy to help him get his car back on the road sooner and has said he needed to borrow money from family and has found the situation difficult overall. It is understandable this is the case and it is right that QBE recognises the impact of it failing to consider the claim when it should have as this could have resulted in a different outcome for Mr J.

Our investigator recommended QBE pay £100 for the distress and inconvenience of this matter and I think this is fair and in the range of what I'd expect for the impact of this failing.

### **Putting things right**

QBE should do the following to put things right for Mr J.

- Reconsider Mr J's claim in line with the remaining policy terms and conditions. (If Mr J has had any repair works completed already, I would expect it to consider the cost of these repairs as part of this reconsideration of the claim).
- Pay Mr J £100 for the distress and inconvenience.

### **My final decision**

Your text here

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 14 February 2025.

Thomas Brissenden  
**Ombudsman**