

The complaint

Mr S has complained about his motor warranty provider, Motors Insurance Company Limited. He tried to claim for damaged paintwork – but it wouldn't progress a claim because, it said, paintwork was not covered by the policy.

What happened

Mr S has a problem with the paintwork on his car. He tried to claim for repairing the issue on the extended warranty he'd purchased. He was told paintwork was not covered by the warranty, so there could be no claim.

When Mr S complained, MICL said there is a specific exclusion for paintwork: "Bodywork, Paintwork, trim and upholstery or the deterioration of any other part, assembly or component as a consequence of wear and tear or exposure to the elements." MICL clarified that it would not be progressing a claim for Mr S.

Mr S thought the exclusion only applied to paintwork suffering wear and tear or exposure. When MICL said that was not the case, that the wording is clear that paintwork in general is not covered, Mr S complained to the Financial Ombudsman Service.

Our Investigator felt the wording was ambiguous. She said she couldn't be sure, if MICL had considered a claim, if it would have upheld it – but she noted that if it wanted to decline it based on the exclusion, it would be up to it to show the paintwork was likely suffering wear and tear or exposure. She felt MICL should be considering the claim.

Mr S was happy with that outcome. MICL said it disagreed with it.

MICL said the warranty simply doesn't cover paint or body work, even as a consequential loss because consequential losses are not covered. It said it hadn't progressed any claim because the dealership had told Mr S that paintwork was not covered by the warranty.

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 appreciate that MICL has its own understanding of what the warranty says, what it intended it to say. But, like our Investigator, I think MICL's intent has been lost in unclear policy wording. I think mixing the exclusion in all circumstances for paintwork, body work and trim, with the one for components suffering wear and tear or exposure has caused a lack of clarity. And one which could easily have been avoided.

Also as our Investigator has said – when policy wording is unclear, the benefit of the doubt is given to the policyholder – the party which did not write the policy. Mr S understood that the term only meant paintwork suffering from wear and tear or exposure would be excluded. He contends that his paintwork was not suffering because of those things. I'm satisfied that's a fair reading of the unclear term and Mr S should receive the benefit of the doubt in that

respect. Which mean I find that he is entitled to have his claim considered by MICL. If MICL should want to decline the claim, it will be up to it to evidence that doing so is fair and reasonable given the relevant terms of the policy.

To be clear, MICL won't, in considering the claim, be able to re-raise and rely on its argument that, due to the above quoted exclusion, paintwork is simply not covered. If it wants to contend however that the paintwork problem Mr S is claiming for is not covered because the paintwork is suffering as a consequence of wear and tear or exposure, it is free to make that argument. The burden is on it to show that the exclusion, in that respect, reasonably defeats its liability for the claim.

I'm not going to award compensation on this occasion. I appreciate the decline of the claim would have been worrying for Mr S, but I think that, in the circumstances, requiring MICL to consider the claim is a fair and reasonable outcome without compensation being warranted.

Putting things right

I require MICL to consider Mr S's claim. In doing so it will *not* be able to say that paintwork is simply excluded from cover. If it wants to make an argument that paintwork is suffering wear and tear or from exposure, it is free to do that – with the burden for reasonably showing that is most likely the case being with it.

My final decision

I uphold this complaint. I require Motors Insurance Company Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 March 2025.

Fiona Robinson
Ombudsman