

The complaint

Mr T complains that Motors Insurance Company Limited trading as Car Care Plan Insurance (“Car Care Plan”) declined part of his claim under his car warranty insurance policy.

What happened

Mr T had a warranty insurance policy with Car Care Plan covering his car.

In July 2024, Mr T had an MOT carried out on his car. It passed the MOT, but was given an advisory note saying *“exhaust noisy in turbo area”*.

Three days later, Mr T had driven a further 46 miles when he noticed it was emitting white smoke. He contacted Car Care Plan and made a claim.

A repairer inspected his car and found that the turbo had failed, causing substantial damage to the engine. Car Care Plan said it would pay for the turbo, but not for the engine as it said Mr T was aware there was a problem with his car after the MOT.

Mr T remained unhappy and brought his claim to this service. He asks that Car Care Plan covers his claim. Our investigator looked into his complaint and thought it would be upheld. She thought Car Care Plan hadn’t applied the exclusion fairly in the circumstances. She also thought Car Care Plan should pay Mr T £100 compensation as it’d unfairly rejected his claim.

Mr T agreed with the view, but Car Care Plan didn’t. Because it didn’t agree, this complaint has 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 T’s policy with Car Care Plan. In its final response and further correspondence with this service, it said it wouldn’t pay Mr T’s entire claim due to the following exclusions:

“Damage, which has resulted from a failure to arrange for an obvious fault to be rectified”

and

“Component failure resulting from accidental damage, misuse or neglect”

I can see from the file that it accepts Mr T’s claim for the turbo on his car. I’ve thought carefully about how Car Care Plan has applied these exclusions in rejecting the remainder of his claim.

Looking at the first exclusion, I need to think about whether the fault was *“obvious”* to Mr T

which I think is the major part of this policy term.

At the centre of this complaint is the matter that Mr T was told at MOT about a noise. I think it's important I say that this was an "Advisories" note. What this means is that his car had an issue noted.

The government's MOT website says:

"What are advisories?"

Minor defects have no significant effect on the safety of the vehicle or impact on the environment. A vehicle with only minor defects will pass the test. Advisories are given for guidance. Some of these may need to be monitored in case they become more serious and need immediate repairs."

It seems to me that I don't think Car Care Plan has acted reasonably in how it's applied the exclusion to Mr T's claim. Although he was told about an issue on the paperwork, I don't think it's shown that the fault on Mr T's car was "obvious" to him.

From reading the file, it's my understanding that the turbo failed, causing damage to the engine. So, I think it's fair I say that the noise from the turbo area mentioned in the MOT was the turbo failing or about to fail.

And, as I say above, Car Care Plan has accepted the first part of his claim about the turbo.

Looking now at the second exclusion mentioned above, which deals with the problem being caused by from "accidental damage, misuse or neglect". From the information on file, I can't see that Car Care Plan has shown that there was accidental damage or misuse. It follows that it seems to me that in rejecting part of Mr T's claim, Car Care Plan is saying he was negligent in some way by not repairing his car after he was told about the noise from the turbo area.

What I need to consider is whether it's fair to say Mr T was negligent in not dealing with the issue over the three days between the MOT and when the problem was diagnosed.

The issue was mentioned as advisory item, and the subsequent failure within three days (and 46 miles travelled) wasn't excessive in my view. I say this because, if Mr T had booked his car in to have the problem investigated, I think it's fair I say it would have been several days before the booking was made and it's likely the failure would have happened in the same way. So I don't think it's fair that Car Care Plan says Mr T was negligent in not having his car repaired.

I'd also say that, given Car Care Plan has accepted the first part of the claim about the turbo, I don't think it Car Care Plan has shown that the exclusions apply in order to reject the second part of the claim as it has.

So, it follows that having accepted the first part of Mr T's claim, I think it also needs to deal with the second part of his claim in line with the remaining terms of the policy wording.

I've also thought about distress and inconvenience caused to Mr T by Car Care Plan's unfair rejection of his claim. I can see Mr T accepted compensation of £100 and I agree this is appropriate and in line with this service's guidelines on compensation.

My final decision

It's my final decision that I uphold this complaint. I direct Motors Insurance Company Limited trading as Car Care Plan Insurance to:

- Consider Mr T's whole claim in line with the remaining policy terms; and
- Pay Mr T a total of £100 compensation for his distress and inconvenience.

Motors Insurance Company Limited trading as Car Care Plan Insurance must pay the amount within 28 days of the date on which we tell it Mr T accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 24 February 2025.

Richard Sowden
Ombudsman