

The complaint

Mr Z complains that Ageas Insurance Limited have declined his claim for damage to his car following a fire.

What happened

In August 2024 Mr Z made a claim after his car caught fire while he was driving.

Mr Z's car was taken to a recovery yard by his recovery agent.

Ageas confirmed they would need to inspect it, and two inspections took place in September 2024. At the second inspection the engineers stripped out the engine and reported that there was a mechanical failure in the engine, so the claim was declined.

Mr Z was unhappy with Ageas response and brought his complaint to us.

One of our investigators has looked into Mr Z's complaint and he thought Ageas had fairly in declining the claim.

Mr Z didn't agree and so the case came to me to review.

I issued a provisional decision on the complaint. My provisional findings were as follows:

The relevant rules and industry guidelines say that insurers must handle claims fairly and promptly and shouldn't unreasonably reject a claim. I've taken these rules into account when deciding what I think is fair and reasonable in the circumstances of Mr Z's complaint.

Having done so, I'm intending to uphold Mr Z's complaint, and I'll explain why.

Has the claim been fairly declined?

The policy terms at p15 say:

"What is insured

Fire, theft and attempted theft

Loss of (or damage to) the car caused by fire, theft or attempted theft"

And:

What is not insured

Mechanical, electrical, electronic and computer failures or breakdowns or breakages"

In order to make a claim under this section of the policy the onus is on the policy holder to show that there has been a fire, and damage has been caused by that fire.

In Mr Z's testimony he reported that while he was driving, the vehicle "went up in flames". I also note that in their final response Ageas have confirmed that there was flash fire due to the hole in the engine, which has caused damage to the alternator and unit. This is also consistent with the photographs, which note that the alternator and compressor show melting – which is consistent with fire.

So I'm satisfied that there was a fire, and that the fire caused damage to some parts of the car, which engages the cover.

I've then considered how Ageas have applied the exclusion to decline the whole claim.

Having looked at the policy terms, I don't think Ageas have taken the right approach. The exclusion only excludes cover for failure, breakdowns or breakages. It doesn't exclude fire damage that has resulted from a fire caused by mechanical failure, only the mechanical failure itself.

The engineers report suggests that there was mechanical failure of the con rod which then broke through the engine block. As such I think Ageas are right to exclude damage to the con rod and engine block, but should cover any identifiable fire damage, including to the alternator and compressor.

Distress and inconvenience

I can see that Mr Z has been inconvenienced by Ageas taking the wrong approach here as it has delayed the processing of his claim, and his ability to get the car repaired. He uses his car for work, and has not had use of his car now since August. While claims can take some time to sort out, the incorrect approach by Ageas has resulted in unnecessary delay.

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.

Ageas have replied and accepted my recommendations, but Mr Z hasn't replied. In view of Ageas acceptance, I'm making my final decision in line with my provisional findings above.

Putting things right

To put things right I think that Ageas should:

- Reinstate the claim and settle it in respect of fire damage as above, and in line with the remaining terms and conditions of the policy. This may require a further inspection to determine what damage is fire damage if it can't be determined from the inspection report
- Pay Mr Z £200 for the distress and inconvenience caused to date by declining the claim

My final decision

My decision is that I am upholding Mr Z's complaint about Ageas Insurance Limited and directing them to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 19 February 2025.

Joanne Ward
Ombudsman