

The complaint

Mr R complains that Acasta European Insurance Company Limited unfairly declined a claim he made on his motor warranty,

Reference to Acaster includes its agents.

What happened

Mr R holds a motor warranty with Acasta. When his car suffered a broken suspension spring, he made a claim to Acasta for the cost to repair his car.

Acasta declined the claim, it said the part was corroded. It said the policy excluded cover for items that failed due to wear and tear. It considered corrosion a wear and tear issue. It offered Mr R a goodwill gesture of £800 toward the repair.

Mr R rejected Acasta's offer and brought his complaint to us. He didn't think it was fair it declined his claim. He said suspension was covered by the policy. He also said that the policy listed items that suffered from wear and tear – with suspension not present on this list.

Our Investigator recommended Mr R's complaint be upheld. They didn't think it was fair that Acasta rely on the wear and tear exclusion because they thought wear and tear and corrosion were different scenarios and the policy didn't exclude corrosion specifically. They recommended it pay Mr R's claim, add interest to that payment, and pay him £100 compensation.

Acasta didn't agree. It said the policy also didn't cover any failure caused by external factors or events outside of its control. It said corrosion would fit under this exclusion.

Our Investigator didn't agree, they thought, given the list of examples of things relevant under the term, it wasn't intended to extend to corrosion.

Acasta maintained its decline of Mr R's claim was fair and in line with the terms of the policy.

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.

Having done so, I'm upholding it. I'll explain why.

- The first burden of proof lies with Mr R here. He's got to show he's suffered a loss covered by the policy.
- Here, the policy covers him for manufacturing defects to a number of listed parts/systems. Suspension is listed, and Mr R's suspension broke. So I'm satisfied he's passed his burden of proof.

- The burden then passes to Acasta. It needs to either pay the claim, or evidence why it's not covered by the policy, by relying fairly on a relevant term or exclusion in the policy.
- Here, Acasta thinks two exclusions apply. The first being that the policy provides no cover for any part that fails due to wear and tear.
- Acasta says the part has failed due to corrosion. So it's not fair for it to rely on the wear and tear term. Wear and tear and corrosion are two entirely different scenarios. Wear and tear is widely regarded as a part being worn down through it's normal operation. The list of parts Acasta points to being susceptible to wear and tear supports this. Brakes for example wear due to the friction experienced when applied. A clutch may experience wear and tear for similar reasons. Drive belts lose their elasticity over time and constant use, similarly dampeners lose their ability after continued usage.
- Corrosion isn't caused by the normal operation of the part, so it's not wear and tear. Hence why a lot of policies have an exclusion specifically citing corrosion. But this policy doesn't.
- The second term Acasta is relying on is that the policy excludes cover for external factors, or factors outside of its control. Strictly speaking, corrosion is caused by external factors – another reason it's not fair to deem it wear and tear. But looking further at the term, I don't think it's intended to exclude corrosion. It lists, as examples of external factors: *"accident, hail, flooding or other extreme weather conditions, war.... fire, civil unrest..."* I don't think any of those align with corrosion, which is a gradual condition.
- What's more, while corrosion itself is caused by external factors (most likely rain and salt), Acasta hasn't addressed why the part suffered from corrosion in the first place. It suggested this was caused by an overspray of underseal trapping in moisture, but it's also suggested the corrosion existed before that underseal was applied. What it's not addressed is why that underseal needed to be applied in the first place.
- So, overall I'm not satisfied Acasta can fairly rely on either of the exclusions it's quoted. And so it follows I think it needs to pay Mr R's claim in full.
- Not having a claim paid and having to pay for it yourself when you think you should be covered by your warranty is distressing and inconvenient. Acasta should pay Mr R £100 to compensate for that.

My final decision

For the reasons set out above, I uphold this complaint. To put things right Acasta European Insurance Company Limited needs to:

- Pay Mr R's claim. 8% per annum simple interest should be added to this payment. Interest should be calculated from the date Mr R paid for the repair, to the date Acasta pays him.
- Pay Mr R £100 compensation for the distress and inconvenience caused by declining his claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or

reject my decision before 11 April 2025.

Joe Thornley
Ombudsman