

## **The complaint**

Mr D complains that Financial & Legal Insurance Company Ltd ("Financial & Legal") unfairly declined a claim made under his motor warranty and that there were delays in its handling of the claim.

## **What happened**

Mr D took out a Platinum 100 warranty with Financial & Legal in June 2024. The warranty covered all mechanical and electrical components of his vehicle and the associated labour costs in the event of a sudden and unforeseen mechanical breakdown.

In July 2024 Mr D noticed a loud knocking noise coming from his vehicle, so he contacted Financial & Legal to make a claim under the warranty. He was advised that the vehicle would need to be brought in for an inspection in order to determine the cause of the noise. Once the vehicle was inspected, a technician commented that there was a suspected failure of gears or bearings.

Financial & Legal subsequently arranged for an independent assessor to view the gearbox and produce a report. The independent assessor's opinion was that the part had failed prematurely, and that given the short time and low mileage since the policy commenced, the fault would have been present prior to policy inception.

So Financial & Legal declined Mr D's claim on the basis that the issue would've been apparent prior to the start date of the warranty, and it was therefore not covered. Mr D didn't agree. He said that the first time he'd noticed the noise was on 15 July 2024, almost a month after the policy was taken out on 19 June. Mr D made a complaint to Financial & Legal about its decision to decline the claim, but it maintained that it had relied on the independent assessor's professional opinion and wouldn't be honouring the claim. It told Mr D that if he obtained a report by another independent assessor who inspected the vehicle, then they would consider that.

Mr D said he would obtain his own report, and in the meantime he referred his complaint to this service. Our Investigator considered everything, but didn't think the complaint should be upheld as she didn't think Financial & Legal had declined the claim unfairly.

Mr D asked for an Ombudsman to make a final decision on the matter, so the complaint has now come to me to decide.

## **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.

As this is an informal service, I'm not going to respond here to every point raised or comment on every piece of evidence Mr D and Financial & Legal have provided. Instead, I've focused on those I consider to be key or central to the issue. But I would like to reassure both parties that I have considered everything submitted. And having done so, I'm not

upholding this complaint. I'll explain why.

The crux of this complaint is whether the part in question was likely to have failed or was in an advanced state of wear prior to inception of the policy in June 2024. As I'm not a mechanic or expert in the field, I've relied on the expert evidence I've been provided with in order to reach a fair decision. The first inspection report comments that the affected area was "*contaminated with swarf*" and that internal failure of the bearing was suspected. Following dismantling of the gearbox, further comments were made, including that there was "*a build up of swarf inside the reduction gearbox*".

The independent inspection report which was arranged by Financial & Legal said:

*"I can confirm that the bearing on the shaft is noisy and grinding when turned. The vehicle has covered 28929 miles since new and therefore, given the mileage, the bearing has failed prematurely (manufacturer/mechanical fault). The transmission oil appears to be normal and the quantity appears to be normal. When taking the short time and the miles covered since being put on risk, the fault would have been present/developing at the time of going on risk."*

I've considered carefully what's most likely to have happened given the evidence in this case. And based on the expert report provided by Financial & Legal, I'm persuaded that the issue would've been present prior to the policy start date. The report provided is sufficiently detailed and includes photos to support the commentary made. Both the expert reports refer to a build-up of swarf, which is a collection of metal chips or filings produced by metal components rubbing together and wearing down. This process tends to happen gradually over time.

Given that the warranty was taken out when the vehicle's mileage was around 28,000 and this increased to 28,929 when the claim was made, less than a thousand miles had been driven in that time, and the warranty was only active for a few weeks before Mr D says he noticed the noise. This suggests the issue was present before the policy was taken out.

I've checked the terms and conditions of the warranty, and can see that it excludes cover for breakdown caused by wear and tear that started before the cover commenced. The policy says: "*Cover is provided for components that have suddenly failed as a result of wear and tear up to 8 years/80,000 miles. Components will not be covered if it could be stated that they were already in an advanced state of wear at the start date of this warranty*".

So I'm satisfied Financial & Legal has declined the claim reasonably based on the available evidence. It has told Mr D that if he provides his own report which shows a different expert opinion, it will consider that. I think this is reasonable in the circumstances.

In terms of the delays in Financial & Legal's handling of the claim, I've looked at the overall claim journey and I've found that the claim was made in July 2024, the first inspection was carried out a few days later and the technician write-up was made available by 30 July. The independent inspection was then carried out and the independent report was produced by 6 August, with the claim being declined on 8 August. Overall, I can't see that there were any excessive or avoidable delays, as inspections had to be carried out to determine the cause of the fault, and I consider Financial & Legal communicated its claim decision as soon as it could do so.

So whilst I'm sorry to disappoint Mr D, I'm afraid that, for the reasons I've explained, I don't consider Financial & Legal has acted unfairly here, both in terms of the decision it made regarding the claim, and in light of the time it took to communicate that decision.

**My final decision**

My final decision is that I do not uphold this complaint.

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

Ifrah Malik  
**Ombudsman**