

The complaint

Ms A complains that AWP P&C S.A declined a claim on her motor warranty.

What happened

Ms A had a motor warranty, but she didn't realise it had expired in mid-August 2024. In mid-October 2024, her car broke down. It was taken to a garage who replaced a sensor. Ms A took out a new motor warranty in the morning of 18 October 2024. Ms A's garage tried to return her car in the afternoon of 18 October 2024 but during the journey her turbo blew. Ms A raised a claim with AWP.

AWP declined Ms A's claim. They said the damage was pre-existing. Ms A was unhappy and raised a complaint about both the claim outcome and the time it took to come to an outcome. AWP upheld Ms A's complaint. Whilst they didn't think they'd incorrectly declined the claim, they agreed the outcome could have been reached sooner and offered Ms A compensation. Ms A was still unhappy and brought the complaint to this service.

Our investigator didn't uphold Ms A's complaint. They didn't think AWP had unfairly declined Ms A's claim. Ms A appealed. As no agreement could be reached, the complaint has been passed to me to make a final 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.

When considering complaints such as this, I need to consider the relevant law, rules and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly and fairly, and not unreasonably decline it. So, I've thought about whether AWP acted in line with these requirements when it declined to settle Ms A's claim.

At the outset I acknowledge that I've summarised her complaint in far less detail than Ms A has, and in my own words. I'm not going to respond to every single point made. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. The rules that govern the Financial Ombudsman Service allow me to do this as it's an informal dispute resolution service. If there's something I've not mentioned, it isn't because I've overlooked it. I'm satisfied I don't need to comment on every individual point to be able to reach an outcome in line with my statutory remit.

As a starting point, I need to understand what the policy covers. The policy sets out the following:

*"This warranty covers all factory-fitted mechanical and electrical parts (including labour costs) of the **insured vehicle** against sudden and unexpected **mechanical or electrical failure**. This includes consequential damage to covered parts."*

Based on the above, I'm satisfied that the damage would have been covered by the policy. However, the policy also sets out some exclusions:

"This insurance does not cover any injury, failure, loss or damage which is caused by, arises from or happens in connection with the following..."

*2. Any fault which is likely to have existed before the **period of insurance**."*

Prior to Ms A taking out her policy, her garage replaced a sensor. They then took the car for a road test. Following the road test, they called Ms A to let her know. They informed her "it seems o.k and fingers crossed everything will be o.k going forward". The next time the car was driven to return the car to Ms A, the turbo blew.

AWP arranged for an independent inspection of Ms A's car and the damage. They reported the following:

"Turbo intake hose was removed, which revealed excessive movement to the inlet spindle shaft on the turbo along with heavy oil contamination to the intake turbo hose.

Fault is due to a possible oil bypass related issue, where oil has bypassed through the turbo and the o2 sensor had been coated with oil and not operating correctly.

With the information available to ourselves, the fault identified would have been developing at the time of policy inception and would consider the fault would have occurred due to wear and deterioration."

Based on the independent report, I don't think it was unreasonable for AWP to decline the claim on the basis of the pre-existing exclusion applying.

In response to our investigators view, Ms A made the following points:

- The car broke down again in January 2025
- She has the car serviced every year
- Repairs weren't completed properly which led to the damage to the turbo
- The engineer hasn't confirmed when they think the damage started

I don't think any of the above points changes the outcome of the complaint. This is because none of the points can change the information in the independent report. I've also not seen any evidence to suggest the issue was likely present when her previous policy expired.

I'm very sorry that my decision doesn't bring Ms A more welcome news at what I can see is a difficult time for her. But in all the circumstances I don't find that AWP has treated Ms A unfairly, unreasonably, or contrary to the policy terms and conditions in declining the claim.

Ms A also complained about the time it took to come to an outcome on the claim. It took approximately a week from the claim being raised to getting the independent report. It then took a further three weeks to decline the claim. I agree the claim could have been handled better with a response being provided sooner, but I think the £100 compensation offered by AWP was fair and reasonable for the trouble and upset caused to Ms A. AWP has confirmed that the compensation hasn't been paid yet. So, I intend to direct them to make payment of this.

Putting things right

To put things right, AWP should pay Ms A £100 compensation.

My final decision

For the reasons I've explained above, I uphold this complaint and direct AWP to put things right by doing as I've said above, if they haven't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 9 September 2025.

Anthony Mullins
Ombudsman