

The complaint

Mrs P complains AWP P&C S.A. unfairly declined a claim she made under her extended warranty for damage to the turbo.

Mrs P has been represented in bringing this complaint, but for ease I've referred to all comments, including those of her representative, as being Mrs P's own.

What happened

Mrs P had an extended warranty on her vehicle. In September 2024, the vehicle broke down, AWP had the car assessed and said, amongst other things, the turbo needed replacing.

However, AWP ultimately declined the claim. It gave various reasons including that the cause of damage wasn't covered by the warranty and that it hadn't received a response from the dealership about the service history of the vehicle.

Unsatisfied with AWP's response, Mrs P referred her complaint to the Financial Ombudsman Service for an independent review. She said following AWP's refusal of the claim, she'd paid for the necessary works to the vehicle, which had cost her around £1,200.

Our investigator clarified with AWP why it was declining the claim. It said the vehicle hadn't been serviced in line with manufacturer instructions. However, our Investigator didn't think AWP had fairly declined the claim by relying on this condition. She recommended it reimburse Mrs P's costs, plus interest, if she'd already paid them. She also recommended AWP pay Mrs P £300 compensation for unfairly declining the claim. However, she said she wouldn't recommend AWP reimburse the premiums Mrs P paid, because we'd only do so if we thought the policy had been mis-sold.

Mrs P accepted that outcome, AWP didn't. It maintained the vehicle hadn't been serviced every 24 months as it should have been and said the use of a DPF (diesel particulate filter) cleaner can deteriorate the quality of oil. It also thought the wrong oil had been used on the vehicle.

As the matter hasn't been resolved, it has 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.

Mrs P's warranty provides cover for components that have suffered "*electrical or mechanical failure during the period of insurance*". Different levels of cover apply, but Mrs P had 'comprehensive cover' which insured all factory fitted components, with some exceptions.

When Mrs P's car was looked at by the garage, it said, amongst other things, the turbo needed replacing. A turbo isn't one of the excluded components under this policy and so, on the face of it, Mrs P's claim for a replacement turbo should be covered.

However, AWP says the claim isn't covered. It's given Mrs P various differing reasons, at different points as to why the claim isn't covered. I consider it hasn't been very clear with

Mrs P on its reasons for declining the claim, which has no doubt been frustrating and unhelpful for her.

Our Investigator asked AWP to confirm the exclusion it was relying on. In response it said it is a term of the policy that vehicles have to be serviced in accordance with manufacturer's recommendations. It said whilst Mrs P had provided servicing records, they weren't clear enough as they were not itemised in terms of what was used and in what quantity. And then in response to our Investigator's view, AWP also said it didn't think Mrs P had had the vehicle Serviced at the required mileage intervals.

The term AWP is referencing says:

"what must I do to keep the Warranty valid..."

You must...regularly service it in accordance with the manufacturer's recommendations and genuine parts".

AWP says for Mrs P's type of car, it should be serviced every 24 months or every 30,000km. It said the car was serviced in September 2020 and then again in January 2023, so the service was overdue. It accepted it was also serviced in September 2023 but said as the January 2023 service was overdue, the term hadn't been met.

Mrs P disputes that her manufacturer had such a timeline for Services. However, I don't think it's important for me to decide on whether the manufacturer's recommendation for servicing the vehicle was breached. Because even if I accept that it was, in order to fairly decline the claim on this basis, AWP needs to show the failure to comply with this condition directly led to the loss. This is set out in the Insurance Code of Business (ICOBs) in ICOBs 8.1.2B. And I don't consider it has done that.

In support of its claim that the breach in the servicing is material to the claim, AWP has provided some information, obtained on the internet from an AI chatbot, that says for Mrs P's type of vehicle, DPF filters shouldn't be used. It said Mrs P's vehicle had one, and that led to the emulsification of the oil, which was the cause of the issue. It also provided images of relevant parts of the vehicle showing a build-up of a white substance, which I assume is the emulsified oil.

I'm not persuaded by the information provided by AWP. Firstly, it hasn't shown that the vehicle not being serviced within manufacturers guidelines is the most likely cause of the emulsification of the oil. Nor has it shown that Mrs P's vehicle has been fitted with non-genuine parts (i.e. a DPF cleaner) which is the other part of the policy term to be satisfied. Providing seemingly speculative information from the internet alongside photographs doesn't persuade me AWP has been reasonable in relying on this term to decline this claim.

AWP has also said the wrong type of oil was used on the vehicle. However, I consider Mrs P has shown that the oil used was one recommended by the manufacturer. As such, without any persuasive evidence from AWP demonstrating otherwise, I'm not satisfied it has fairly shown it can decline the claim.

Mrs P has now paid for the necessary repairs to her vehicle. So in order to resolve the complaint, AWP needs to settle the claim for all insured parts covered by the warranty. Mrs P has also said that she had to have the vehicle moved, when AWP declined the claim, because the garage was going to charge her storage fees. She said she paid £70 to move the car, and as such, I consider AWP should also reimburse this amount to Mrs P. Whilst our Investigator hadn't set this out in her recommendations, I'm satisfied moving the vehicle was only necessary owing to AWP's unfair decline of the claim. I also consider that such a small increase in the compensation does not warrant a provisional decision first being issued by me, in order to seek the parties' comments on that award.

I consider AWP has caused Mrs P unnecessary distress and inconvenience by unfairly declining the claim, and for not being clear, or particularly responsive, in its communication

with her. When considering our compensation guidelines, I'm satisfied AWP's handling of the claim has required a reasonable effort for Mrs P to sort out. As such, I'm persuaded an award of £300 compensation in the circumstances of the claim is fair and reasonable.

My final decision

My final decision is that I uphold this complaint, and I direct AWP P&C S.A. to:

- Settle the claim for all insured parts covered by the warranty.
- Add 8% simple interest* per annum on the amounts paid by Mrs P for those insured parts from the date she paid for the repairs, until the date of settlement.
- Reimburse the £70 Mrs P paid to transport her vehicle between garages. It will need to add 8% simple interest* per annum onto this amount from the date of the payment, until the date of settlement.
- Pay Mrs P £300 compensation for unnecessary distress and inconvenience.

* If AWP P&C S.A considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mrs P how much it's taken off. It should also give Mrs P a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 7 October 2025.

Michelle Henderson
Ombudsman