

The complaint

Mrs M has complained that Fortegra Europe Insurance Company Ltd (“Fortegra”) unfairly declined her motor warranty claim.

What happened

In August 2024, Mrs M made a claim under her motor warranty with Fortegra when she noticed the engine management light illuminate on the dashboard in her vehicle. Fortegra agreed to assess the vehicle and also requested a fault diagnosis and a repair estimate. It also requested other information about the vehicle, such as its service history from the date of purchase.

Mrs M was unable to get a diagnosis of the fault, so she booked an appointment with the vehicle’s manufacturer. In the meantime, Fortegra said the car’s servicing records showed that it hadn’t been serviced after travelling 24,000 miles since its last service two years previously, when the manufacturer recommended servicing every 21,000 miles or every two years. And the warranty specified that a service should be carried out in line with manufacturer’s guidelines or in certain circumstances every 12 months or 12,000 miles (whichever came first).

After some back and forth, Mrs M provided a copy of her service plan, which Fortegra accepted. Fortegra also accepted parts of Mrs M’s claim, including the replacement of the particulate matter sensor and the steering column, but said it needed more evidence in relation to the gearbox issue – specifying that the warranty would cover internal repairs to the gearbox but not any problems with a leaking seal.

After further evidence was provided in relation to the gearbox, Fortegra declined that part of the claim, saying the gearbox had failed due to a heavy oil leak from the vehicle which meant a new gearbox unit was needed.

Mrs M didn’t accept Fortegra’s decision. She said the oil leak was due to faulty seals which should be covered – but Fortegra said deteriorated oil seals weren’t covered by the warranty. So Mrs M made a complaint. In its response to her complaint, Fortegra said the gearbox seal which caused the damage wasn’t a listed seal covered by the policy. So her claim for the gearbox wasn’t one that was covered.

As Mrs M remained unhappy, she referred her complaint to the Financial Ombudsman Service. Our Investigator considered the complaint and recommended Fortegra take further steps to put things right for Mrs M, as it hadn’t declined the claim for the gearbox seal fairly. Fortegra didn’t agree with our Investigator, so the complaint has now come to me for an Ombudsman’s 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.

As this is an informal service, I'm not going to respond here to every point raised or comment on every piece of evidence Mrs M and Fortegra have provided. Instead, I've focused on those I consider to be key or central to the issue in dispute. But I would like to reassure both parties that I have considered everything submitted. And having done so, I'm upholding this complaint. I'll explain why.

The insurance industry regulator, the Financial Conduct Authority (FCA), has set out rules and guidance about how insurers should handle claims. These are contained in the 'Insurance: Conduct of Business Sourcebook' (ICOBS). ICOBS 8.1 says an insurer must handle claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and give appropriate information on its progress; and not unreasonably reject a claim. I've kept this in mind while considering this complaint together with what I consider to be fair and reasonable in all the circumstances.

I've looked closely at the terms of Mrs M's warranty and can see that the following is set out:

"The Vehicle must be serviced in line with the manufacturer's recommended guidelines. If the Vehicle has no service history, or the service history is incomplete, the Vehicle must be serviced by a VAT-registered garage within twelve (12) months or 12,000 miles (whichever is sooner) from the date You bought the Vehicle. It must then be serviced in line with the manufacturer's specifications, or every twelve (12) months or 12,000 miles (whichever is the sooner)".

And whilst it took some time to gather this information for Fortegra and delayed the claim journey for Mrs M, I find it was reasonable for Fortegra to request further information from Mrs M about the vehicle's servicing history, together with the relevant mileage information, given the policy terms.

I've checked what's covered under the warranty and can see that "Oil seals" are listed as a part that's covered. The warranty goes on to specify that the "Crankshaft front seal, camshaft oil seal, auxiliary shaft oil seal, gearbox rear seal, drive shaft(s) seals and differential pinion seal" are all covered parts, as well as "where an engine or gearbox repair requires oil seals or gaskets".

The policy also says mechanical breakdown cover isn't provided for "damage caused by: Neglect, corrosion, any foreign matter, getting into or onto a part; lack of servicing...damage to parts not covered by this Policy or consequential damage; or damage to parts We cover caused by parts not covered by the Policy".

As the evidence shows the oil leak was from the rear gearbox seal, and this had caused consequential damage to the gearbox, I don't consider it fair for Fortegra to say that the leaking seal wasn't covered by the warranty. This is because the gearbox clearly required new oil seals, which is covered by the above term of the policy. The warranty clearly states under "Oil seals" that when the engine or gearbox repair requires new seals these will be covered and does not specify that only the rear gearbox seal would be covered. And contrary to what Fortegra has said in response to our Investigator's view, the warranty also doesn't say that the cause of the failure has to be the gearbox itself.

So I'll require Fortegra to honour Mrs M's claim in part, by covering the cost of replacing the rear gearbox seals.

I won't require Fortegra to cover the cost of replacing the gearbox. This is because the expert evidence shows the gearbox failed as a direct consequence of the oil leak due to the faulty rear gearbox seal, which is a covered part – but the gearbox itself isn't a listed covered part. And the policy term I've mentioned above says consequential loss isn't covered, nor is

damage to a part that isn't covered, even if that damage is caused by a part that is covered.

I've considered the claim journey and I think Fortegra generally progressed the claim without undue delays in the beginning, when asking for further information to validate the claim. But I think when Fortegra was advised that the issue related to the seal causing the oil leak, in late October 2024, it should've then accepted the claim for the seal. It didn't provide a response until late November, and I think it came to the wrong conclusion about what was covered under the policy.

I'm satisfied this caused Mrs M distress and inconvenience for which she should be compensated. And I think a fair and reasonable amount of compensation in this case is £200 – because this amount reflects that Mrs M was impacted by Fortegra's decision on the claim for several weeks, whilst she was without a car of her own. She has said she had to borrow vehicles to transport her children from activities and hospital appointments and had to pay for parking at her residence. So I consider the award of £200 compensation to be fair for the additional frustration and disruption to her daily life that Fortegra's actions caused.

She's also told us she had to pay for parking due to the use of different vehicles, but I can't see that Fortegra has been provided with evidence of those costs. I'll require it to reimburse Mrs M, with interest, if she can provide evidence of her parking costs to Fortegra.

Putting things right

Fortegra Europe Insurance Company Ltd should now honour Mrs M's claim for the cost of replacing the rear gearbox seals and pay Mrs M £200 compensation for the distress and inconvenience it caused her.

If Mrs M can provide evidence of parking costs she incurred as a result of borrowing vehicles and parking them at her property, then Fortegra should cover those costs, plus 8% simple interest per annum from the date Mrs M incurred the cost until the date of settlement.

My final decision

My final decision is that I uphold this complaint and I direct Fortegra Europe Insurance Company Ltd to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 18 November 2025.

Ifrah Malik
Ombudsman