

## **The complaint**

Mr S complains that Carsa Limited declined a claim on his motor warranty. Mr S has also complained that the warranty was mis-sold.

## **What happened**

Mr S bought a second hand car in January 2023. Around the same time, Mr S bought a motor warranty to cover the car. The warranty lasted for four years. In November 2024, Mr S's car suddenly went into limp mode with an engine warning light coming on. Mr S raised a claim but it was declined due to Carsa stating it was as a result of wear and tear which was excluded. Mr S was unhappy and raised a complaint, both about the claim being declined and the sale of the policy. The complaint wasn't upheld but Carsa offered Mr S £200 as a gesture of goodwill. Still unhappy, Mr S brought the complaint to this service.

Our investigator didn't uphold the complaint. They didn't think the Mr S had been given any information which could lead to it have being mis-sold. She also didn't think Carsa had acted unfairly in relying on the exclusion to decline the claim. Mr S appealed. As no agreement could be reached, the complaint has been passed to me to make a final decision.

Because I disagreed with our investigator's view, I issued a provisional decision in this case. This allowed both Carsa and Mr S a chance to provide further information or evidence and/or to comment on my thinking before I made my final decision.

## **What I provisionally decided – and why**

I previously issued a provisional decision on this complaint as my findings were different from that of our investigator. In my provisional decision, I said:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Based on what I've seen so far, I intend to uphold Mr S's 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 Carsa acted in line with these requirements when it declined to settle Mr S's claim.*

*At the outset I acknowledge that I've summarised his complaint in far less detail than Mr S 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, it's important to understand what the policy says. The policy sets out what Mr S is covered for:

***"What is covered***

*This warranty covers all mechanical and electrical parts (including labour costs to fit them) against mechanical breakdown including wear and tear for vehicles up to 6 years or 60,000 miles at the time of claim.*

*Mechanical breakdown is the failure of a part, causing it to suddenly stop working, for a reason other than negligence.*

*The cover under the warranty only applies if these terms and conditions are fully met. The warranty does not apply to any parts not listed in these terms and conditions."*

*Looking at the policy terms and conditions, the timing chain is a covered part. Mr S's car was inspected by an engineer. They confirmed the issue with the car was as follows:*

*"Found timing chain rattling. Test failed as per Topix chain stretched. Remove gearbox and engine end cover. Replace both timing chains and tensioners. Re-fit gearbox and cover."*

*Whilst the timing chain may have stretched over time, it reached a point where it needed immediate replacement to enable the car to be driven again properly. This caused the car to suddenly go into limp mode. So, I think mechanical breakdown has occurred to the timing chain.*

*The policy also sets out what's not covered:*

***"What is not covered***

*The warranty also does not cover the following:*

*Wear and tear or the gradual reduction in performance due to the age and mileage of the vehicle where the vehicle is over 6 years or 60,000 miles."*

*Many car parts will gradually deteriorate over time. Most of these parts will fail at some point because they're worn out. However, there's a difference between a part failing when it's worn out as expected and when it fails quicker than expected. As a service, we wouldn't expect an insurer to decline a claim for wear and tear when a part has failed sooner than expected, unless this was shown to be due to poor maintenance.*

*Mr S has said that the timing chain should be a lifetime part. I asked Carsa to provide some information about the life expectancy of the timing chain. They responded with the following information:*

*"The life expectancy of the timing chain can vary for many reasons.*

*A timing chain on a [car make and model] using the [car engine] is designed to last the life of the engine, but can fail due to issues like oil dilution and short journeys, sometimes requiring replacement much sooner, even under 100,000 miles or as early as 40,000-60,000 miles, especially for the 2.0L diesel models.*

*It is a well known issue within the motor industry that the timing chains don't last as long as expected on this type of vehicle, however, it doesn't rule out the fact that this specific claim falls outside the terms and conditions as wear and tear is specifically excluded."*

*At the point of failure, Mr S's car had completed 93,043 miles. Carsa have explained that the timing chain is designed to last the life of the engine. Whilst they've provided some reasons for a timing chain failing sooner, there's no evidence that either of these apply to Mr S's car. Carsa have also provided no evidence to support there being a well known issue with this type of vehicle and therefore what the expected life of the engine and/or timing chain should be. As a result of the information provided, it seems that the timing chain should last more than 100,000 miles and as it's fallen significantly short of this, it has worn out prematurely and it's unfair to rely on the wear and tear exclusion.*

*Based on the above, I think Carsa has unfairly declined the claim and this will have caused Mr S distress and inconvenience. As I think a claim should be successful on the policy, I've not considered the sale of the policy in this decision.*

*I appreciate it must have been frustrating for Mr S to have his claim declined as it's meant he's not been able to use the car. Although this is a distilled version of events, I've considered everything in the round and I think Mr S has been caused considerable distress, upset and worry which has taken a lot of extra effort to sort out over several months. In line with our website guidelines, I think an additional £100 in addition to the £200 gesture of goodwill offered by Carsa should be paid to Mr S."*

I set out what I intended to direct Carsa to do to put things right. And gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

### **Responses to my provisional decision**

Mr S accepted my provisional decision. However, he also wanted the following considered:

- His diagnostic costs
- The policy unsuitability
- Financial and practical impact

Carsa confirmed they didn't agree with my provisional decision. They maintained the claim shouldn't be covered. They provided links to information about the timing chain.

### **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.

I've thought carefully about the responses to my provisional decision. Having done so, while I appreciate it will come as a disappointment to Carsa, my conclusions remain the same. I'll explain why.

Carsa has provided some links to websites to suggest there is a well known issue with the engine and timing chain in Mr S's car to support the timing chain didn't fail prematurely. I've reviewed the evidence provided and it doesn't change my outcome.

One of the websites appears to be more of an advert for replacing the timing chain on these vehicles. It merely states the engine suffers from a number of issues including failure of the timing chain. It recommends that the timing chain should be replaced every 60,000 miles. The website doesn't provide any rationale for why the timing chain fails or what the life expectancy of the chain is supposed to be.

Another website confirms that the first sign of a timing chain fault is caused by the chain

stretching prematurely. This confirms that the timing chains have a longer lifespan and the failure is premature. The article confirms the chains should last the life of the vehicle but chains can stretch earlier than expected. The article also appears to be more of an advert for replacing timing chains.

A third website, also points out premature failure of components that are designed to last the lifetime of the engine

Based on the information provided by Carsa, it is suggested that the timing chain should last the lifetime of the engine and as such, it has failed prematurely. For this reason, I still think the claim is covered by the policy.

Mr S has asked for his diagnostic costs to be covered. In my provisional decision, I set out that Carsa should settle the claim in line with the policy terms and conditions. If the policy terms and conditions include the costs of diagnosing the issue, I would expect Carsa to cover these costs. Should Mr S be unhappy with how Carsa settles the claim, he would need to raise that as a new complaint.

Mr S has also raised that he thinks the policy is unsuitable. As I've said I think the claim should be covered and Mr S will receive more back as a result of the claim than he paid in premiums for the policy, I don't think the policy is unsuitable. Mr S will also have the remaining term of the cover on the vehicle should he need to claim again.

Mr S has said beyond the repair costs, he had to pay diagnostic charges, an AA call-out, he remains without reliable transport and was forced to buy another car to meet his family's needs. The diagnostic charges have been covered off above. This would also include the AA call-out cost. It's unclear why Mr S is without reliable transport when the car has been repaired. If there are still issues with the car as a result of the repair, he'd need to raise this with the garage. His response to my provisional decision is the first time he's raised that he bought a car to remain mobile. I've not been supplied with any financial losses. Mr S would be able to sell the vehicle he bought. As it was only needed for a short period of time, between the claim being declined and his car being repaired, any financial loss is likely to be minimal. I think the compensation I've awarded is fair and reasonable in the circumstances.

### **Putting things right**

To put things right Carsa should do the following:

- Settle Mr S's claim in line with the policy terms and conditions
- Pay Mr S 8% simple interest\* on his savings used, £2,010.61, from 20 January 2025 until the date of payment by Carsa.
- Pay Mr S a total of £300 to cover the trouble and upset caused.

\* If Carsa considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr S how much it has taken off. It should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons I've explained above, I uphold this complaint and direct Carsa Limited 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 Mr S to accept or reject my decision before 21 November 2025.

Anthony Mullins  
**Ombudsman**