

The complaint

Mr A complains about the costs incurred due to London General Insurance Company Limited's (LG) actions following a claim on a motor warranty.

What happened

Mr A took out a motor warranty with LG in February 2023. I'm sorry to hear Mr A's car suffered a transmission failure in October 2024. LG asked Mr A to get a further diagnosis on the issue which he said cost £499.99. LG accepted the claim but wanted to use second hand parts. LG arranged for two sets of parts to be delivered to Mr A's garage but unfortunately they were both faulty. LG eventually agreed to cover a new part. Whilst his car was being repaired, Mr A had to hire a car. Mr A was unhappy he had to pay for the additional diagnostics and the hire car. He raised a complaint. LG didn't uphold the complaint as they didn't think they'd done anything wrong. Still unhappy, Mr A brought the complaint to this service.

Our investigator upheld the complaint. She didn't think LG had done anything wrong by asking for the additional diagnostics or using second hand parts. However, she did think LG should pay some of the hire costs due to the issues with the parts. Both parties appealed. LG said they'd agreed to pay for a new part which is more than the policy requires them to do so thought they'd already gone over and above. Mr A thought additional hire car costs should be covered. 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. So, I've thought about whether LG acted in line with these requirements with how they handled Mr A's claim.

Having done so, and whilst I appreciate it'll come as a disappointment to both LG and Mr A, I've reached the same outcome as our investigator for the same reasons.

At the outset I acknowledge that I've summarised his complaint in far less detail than Mr 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.

It's not in dispute that the claim is covered by the policy. It's also not in dispute that the policy allows LG to use second hand parts. Mr A hasn't disputed our investigators outcome on the

diagnostics, so I assume he's accepted this. To confirm, the policy does allow LG to request further diagnostics and so I don't think this is unreasonable.

The policy allows LG to use second hand parts. So, it's not unreasonable for LG to use them should they want to. The reason for using second hand parts is to reduce the cost of a claim. So, the term is there to benefit LG. Using second hand parts shouldn't be at the detriment of a policyholder. Whilst I accept LG weren't directly responsible for the parts supplied being faulty, they've chosen to complete the repair using a cheaper option. So, I don't think it's fair for Mr A to have to pay for a hire car as a result of the issues with the parts. Mr A's garage notified LG about the first faulty part on 17 December 2024 and LG agreed to Mr A's garage ordering a new part on 22 January 2025 after the second part was found to be faulty. So, I think it's fair and reasonable for LG to cover the hire car costs between these dates. As Mr A has been without the use of these funds, LG should also pay 8% simple interest.

Mr A thinks LG should cover his hire car costs until the point his car was repaired in late-February. I don't agree. This is because from the 22 January 2025, his chosen repairer was responsible for completing the repair. So from then on, LG didn't cause any delays to the repair. Mr A's garage would be solely responsible for any delays from this point on. Mr A would need to raise it with his garage if he was unhappy with how long the repair took from that time. LG has already paid Mr A for 7 days worth of hire car costs in line with the policy terms and conditions. This covered Mr A whilst the first faulty part was being fitted. I appreciate he might have been informed the part was faulty by his garage on 13 December 2024, but his garage didn't inform LG until 17 December 2024.

I appreciate that it must have been frustrating for Mr A to have delays to his car being repaired due to faulty parts being supplied and having to cover the cost of a hire car during this period. Although this is a distilled version of events, I've considered everything in the round and I think Mr A has been caused an unreasonable amount of distress and inconvenience which has required a reasonable amount of effort to sort out and has impacted Mr A over several weeks. In line with our website guidelines, I think £100 compensation is fair and reasonable.

Putting things right

To put things right, LG should do the following:

- Cover Mr A's hire car costs between 17 December 2024 and 22 January 2025.
- Pay 8% simple interest* on the above payment. From the date Mr A made the payments to the date LG pays Mr A.
- Pay Mr A £100 compensation for the distress and inconvenience caused.

* If LG considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr A how much it has taken off. It should also give Mr A 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 London General Insurance Company 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 A to accept or reject my decision before 16 January 2026.

Anthony Mullins
Ombudsman