

The complaint

Mr P complains a claim was unfairly declined by Newline Insurance Company Limited on his motor warranty. Mr P also complains that Newline Insurance Company Limited caused a data breach.

What happened

Mr P bought a second-hand van in mid-February 2025. The following day he took out a warranty with Newline. Unfortunately, the dual-mass flywheel (DMF) failed on the van. A claim was raised with Newline in early-May 2025. The claim was declined due to wear and tear and so wasn't a sudden failure. Mr P was unhappy and raised a complaint. Mr P also complained that the independent engineer had passed on information about the repair history of the van to his garage. Newline didn't uphold the complaint as they didn't think they'd done anything wrong. Still unhappy, Mr P brought the complaint to this service.

Our investigator upheld the complaint. Whilst they acknowledged the fault had progressed over time, they felt the failure to the part was premature versus the expected life expectancy of the part. Newline appealed. They still thought the failure was due to wear and tear and wasn't a sudden failure. They believe the failure was due to age-related fatigue rather than mechanical failure. 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 Newline acted in line with these requirements when it declined Mr P's claim.

Having done so, and whilst I appreciate it'll come as a disappointment to Newline, I've reached the same outcome as our investigator.

At the outset I acknowledge that I've summarised his complaint in far less detail than Mr P 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 look at the policy terms and conditions. They set out the following:

“What is covered?”

Under this Plan, in the event of Failure, you are covered for the replacement costs (subject to the Plan limits below) of:

- *All parts and working materials in this section (this is not an exhaustive list)”*

Failure is defined in the policy as follows:

“Any mechanical or electrical part that suddenly suffers a premature fault, resulting in that part failing to perform its design function and which would be likely to lead to a breakdown of the part before the Plan expires if the part is not repaired or replaced”

Newline arranged for an independent inspection. Their conclusions of their report was as follows:

“There was thermal discolouration noted on the secondary flywheel and clutch cover. This confirms the vehicle has been suffering from flywheel chatter for multiple hundreds or more likely multiple thousands of miles due to progressive age-related wear and tear rather than material failure....

Over time and mileage, the damper weakens, leading to increased movement between the masses. Eventually this causes vibration and internal failure.

In this case, the customer-reported symptoms, combined with the visual damage and mileage, support the conclusion that the failure was progressive. The vehicle exhibited excessive rotational movement and knocking within the ball housing.

The component condition indicates long-term wear and deterioration. Excess play between the masses and bearing wear confirm that the damping mechanism has worn out over time. This is not classed as a sudden mechanical failure.

We therefore conclude that the replacement of the dual mass flywheel and associated clutch components is due to age-related fatigue consistent with end-of-life service wear. The failure is best categorised as a scheduled component replacement rather than a mechanical failure.”

Newline have said the claim has been declined due to the failure not being sudden as it has worn out gradually. The policy includes a definition for worn out which is as follows:

“Any component which has reached the end of their normal effective working lives because of age and/or usage.”

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.

Our investigator suggested to Newline that the life expectancy of a DMF was over 100,000 miles. This was based on information on a well-known roadside assistance provider's website. Newline didn't provide any information to dispute this. However, it's accepted that factors such as driving style can have an impact on the DMF. At the point of failure, Mr P had only owned the van for just over a month and has reported the van had completed less than 46,000.

Based on the evidence provided, I wouldn't expect a DMF to fail at the point it did and so it would be premature and so would be considered to have failed suddenly. Even so, while the policy includes a definition for worn out, it doesn't have any exclusions within the policy for wear and tear or being worn out.

Mr P bought the van in late-February and took out the warranty the following day. A juddering wasn't reported until a week later. The inspection didn't take place until three months later. I've not been provided with any persuasive evidence to suggest the failure was existing prior to the van being placed on cover.

Based on what I've seen, and for the reasons above, I don't think Newline have fairly declined this claim. I think Newline should cover the costs incurred by Mr P in repairing his van. I also think Newline should pay Mr P 8% simple interest on his repair costs.

The independent engineer disclosed repair work that had been completed to Mr P's vehicle. I don't think this information needed to be shared. Whilst this may have caused Mr P distress, I think the detriment is minimal. I've considered this in my compensation award below.

I appreciate that it must have been frustrating for Mr P to have his claim unfairly declined. This has meant he's had to arrange the repairs and finance them himself. He's also had to correspond with Newline which would have taken up his time. Although this is a distilled version of events, I've considered everything in the round, and I think Mr P has been caused an unreasonable amount of distress and inconvenience which has required a reasonable amount of effort to sort out. In line with our website guidelines, I agree with our investigator and think £100 compensation is fair and reasonable for the distress and inconvenience caused to Mr P.

Putting things right

To put things right, Newline should do the following:

- Cover Mr P's repair costs in line with the policy terms and conditions.
- Pay Mr P 8% simple interest* on his repair costs from the date Mr P paid them, to the date Newline makes payment.
- Pay Mr P £100 compensation for the trouble and upset caused.

* If Newline considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr P how much it has taken off. It should also give Mr P 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 Newline 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 P to accept or reject my decision before 20 March 2026.

Anthony Mullins
Ombudsman