

The complaint

Miss P complains that Lookers Motor Group Limited mis-sold her a minor damage protection motor insurance policy. She wants it to reimburse her subsequent costs.

What happened

When Miss P bought her car from Lookers, she also bought a minor damage protection policy. She said she was told that if she needed repairs, she should bring her car in to the body shop. Miss P said she had reported scratches to Lookers staff on two occasions. She said they had taken photographs of them for the body shop and told her it would be in contact, but it didn't do anything further.

Miss P came to sell her car, and she wanted to claim on her policy for the scratches to be repaired. Lookers then told her that she would have to make a claim to the policy's claim handlers. And then the underwriter declined her claim because it was made outside the policy's time limit. Miss P had to pay £750 to have the scratches repaired.

Lookers said Miss P should have been aware of the policy's terms and conditions when she bought the policy. But it paid her £100 compensation for its poor service in not correctly advising her of the claims process when she made a claim. Miss P remained unhappy that the agents didn't know the claims process and didn't advise her correctly of this when she reported the scratches.

Our Investigator didn't recommend that the complaint should be upheld. He thought that as the sale was non-advised, Lookers was obliged to provide clear and not misleading information about the cover. He thought it had done this by providing policy documents and Miss P had signed a statement to say that she had received these and the sale was non-advised. So he couldn't say that the policy had been mis-sold and he thought £100 compensation was fair and reasonable compensation for the service failings.

Miss P replied asking for an Ombudsman's review, so her complaint has come to me for a final decision. Miss P said Lookers' staff had repeatedly mis-advised her when she wanted to use the policy. She thought there was no evidence that the policy's terms and conditions had been clearly explained at the outset. She thought Lookers was responsible for her loss.

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 can understand that Miss P feels frustrated that she paid £499 for her policy, but she was unable to use it to have her scratches repaired. As the Investigator has explained, we can't consider the underwriter's decision to decline the claim because that's a separate business to Lookers. But I can consider Miss P's complaint that she wasn't properly advised about how to make a claim on her policy.

Lookers said the sale was non-advised, that is, the broker didn't provide any recommendations to Miss P. In a non-advised sale, the consumer should be given enough information – which is clear, fair and not misleading – to allow them to make an informed choice about whether or not to take out the insurance, and whether or not it's right for them.

The business that sold the policy needs to do this by drawing the consumer's attention to significant and unusual features of the policy – this will generally mean the key exclusions and restrictions on cover.

There aren't any recordings of the sales process for me to consider. But Miss P did sign the Statement of Demands & Needs document at the sale to confirm she had received the Insurance Policy Information Document (IPID). And she agreed that the sale was non-advised, the policy met her needs, and she had made an informed decision to buy it.

I'm satisfied that the policy's IPID and the terms and conditions explain clearly how to make a claim and the time limits in which to do this. And, as this was a non-advised sale, I think it was Miss P's responsibility to read and understand the claims process. So I can't say that Lookers mis-sold the policy or that it was responsible for Miss P not being aware of the claims process.

Miss P said she brought the scratches on her car to Lookers' attention on two previous occasions. She said it took photographs of them, and it led her to expect that she would be contacted about them. But it didn't do anything further.

I have no reason to doubt what Miss P has told us happened on these two occasions. But I haven't seen evidence that Miss P told Lookers that she wanted to make a claim on her policy for the repairs, or that the damage was reported within the policy's time limit.

Unfortunately, Miss P didn't follow this up when further contact wasn't made. If she had done so, the scratches may have been covered if they had been reported within the policy's time limits. I can understand that Miss P feels she was mis-advised. But I haven't seen evidence to show this.

But on the third occasion Lookers' agents were evidently not all aware of how claims on the policy should be handled. Lookers pointlessly took photographs of the scratches on Miss P's car.

Lookers acknowledged that its agent should have told Miss P to make a claim online through the policy's claims handlers. And it paid Miss P £100 compensation for this service failing and for not receiving a promised call back from a manager.

I think that's fair and reasonable for these errors as it's in keeping with our published guidance.

I can understand that Miss P feels that she is out of pocket because she has had to pay for the repairs when she couldn't use the policy. But I haven't seen evidence to show that this was due to Lookers' failings. And so I can't hold it responsible for Miss P's loss.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 9 April 2026.

Phillip Berechree
Ombudsman