

The complaint

Mr A complains that a claim was declined by Motors Insurance Company Limited on his motor warranty.

What happened

Mr A renewed his motor warranty with Motors in late-February 2025. In mid-March 2025, the coolant warning light came on in his car. He took it to a garage and it was reported a coolant pipe had corroded and was leaking. Mr A raised a claim on his warranty but it was declined. Motors said that wear and tear was excluded under the policy. Mr A complained but the outcome wasn't upheld as Motors didn't think they'd done anything wrong. Still unhappy, Mr A brought the complaint to this service.

Our investigator didn't uphold the complaint. They didn't think the claim had been unfairly declined. Mr A appealed. He said that corrosion isn't mentioned in the policy terms and conditions and he'd been told that claims for the same issue have previously been accepted. 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 Motors and Mr A a chance to provide further information or evidence and/or to comment on my thinking before I made my final decision.

What I've 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 A'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 Motors acted in line with these requirements when they declined Mr A's claim.

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 part itself isn't covered by the policy. It's important to understand what in the terms and conditions Motors are using to decline the claim. The policy sets out the following:

"What your [Manufacturer] extended warranty covers

Your [Manufacturer] Extended Warranty covers Mechanical or Electrical Failure defects to factory-fitted components of the Vehicle"

Mechanical or electrical failure is defined as follows:

"Mechanical or Electrical Failure is the sudden and unexpected failure of a component which requires immediate repair or replacement. Wear and tear or normal deterioration is not covered."

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 A's garage has provided the following information:

"I would say that in my experience, I would not expect the hoses to fail in such a way due to the vehicle mileage and age... also the fact that the vehicle is garaged and dry stored."

Based on the evidence supplied, it suggests the part has failed sooner than expected. In line with what I've set out above, this would be a sudden and unexpected failure of a component. No issues have been raised about the maintenance of Mr A's car. So, I think the claim should be covered in line with the policy terms and conditions.

I appreciate that it must have been frustrating for Mr A to have the claim declined unfairly. This meant Mr A had to arrange the repair himself, was out of pocket and without use of the car for longer than necessary. 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. In line with our website guidelines, I think £200 compensation is fair and reasonable for the distress and inconvenience caused."

I set out what I intended to direct Motors 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

Both parties confirmed they accepted my provisional 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.

I've thought carefully about the provisional decision I reached. Having done so, and as neither party has provided anything which could lead me to depart from my provisional decision, my final decision remains the same as my provisional decision, and for the same

reasons.

Putting things right

To put things right, Motors should do the following:

- Pay Mr A £1,612.46 to cover the cost of repair.
- Pay Mr A 8% simple interest* on the above amount from the date of declining the claim to date of making payment.
- Pay Mr A £200 compensation for the distress and inconvenience caused.

* If Motors 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 Motors 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 13 February 2026.

Anthony Mullins
Ombudsman