

complaint

Mr R complains that Hastings Insurance Services Ltd (trading as Hastings Direct) mis-led him that European Breakdown Cover applied to his motor insurance policy. He wants it to pay him the cost of his replacement car.

background

Mr R had car insurance including breakdown cover with Hastings. Mr R's car broke down whilst he was in Europe and he called Hastings for help. But it told him that while he had insurance cover in Europe, the breakdown cover only applied to the UK. The repair costs were high, so Mr R scrapped his car and hired a car and then flew his family home. The extra costs were about £1,500 and Mr R was now without a car.

Mr R said that his policy didn't say that breakdown cover didn't extend to Europe. Before the trip, he'd rung Hastings and checked that he was covered in Europe, though he didn't explicitly ask about breakdown cover. But he said he wasn't warned otherwise.

Hastings said that the breakdown cover was additional to the car insurance. It said the policy terms and conditions said it didn't extend beyond the UK.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr R and to Hastings on 9 February 2016. I summarise my findings:

I could see that Mr R had a cautious approach when he took his family abroad. He had an older car so he said he called Hastings to make sure that he was covered. He said he wasn't warned that his breakdown cover didn't extend to Europe. The consequences were a spoilt holiday and a lot of worry and expense.

Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably.

Mr R had taken out additional cover for breakdowns. He said the policy was available online. I think it was for Mr R to read it. I think it's clear that this policy didn't cover breakdowns outside the UK. Normally I would say that Hastings was therefore entitled, in line with the policy terms, to refuse to compensate Mr R for his costs. But Mr R, being cautious, rang Hastings before his holiday to check whether he needed to tell it his travel arrangements.

I listened to this call recording. Mr R checked that he had EU cover as standard. He asked if he needed to tell Hastings where he was travelling to. The call handler said that it would be a courtesy if he did share his arrangements as if he broke down in Azerbaijan it would know he was there. He then went on to say that Mr R was covered for 90 days, but he didn't say for what.

I agreed with our adjudicator that using the term 'broke down' would lead Mr R to believe he had European Breakdown Cover as well as European insurance. The call handler asked for Mr R's details and accessed his policy. So I think he could have then warned Mr R that he didn't have European Breakdown Cover. So I thought that Hastings hadn't acted fairly or reasonably.

Hastings said that in a call made two years earlier, Mr R had asked specifically if he had European Breakdown Cover. He was told he didn't and it advised him to seek cover elsewhere. Hastings said Mr R's policy had remained the same, so he should reasonably have known that he wasn't covered for breakdowns in Europe. But I didn't think it was reasonable for it to rely on a call made two years earlier.

So I thought Mr R was mis-led about his breakdown cover whilst in Europe. I thought Hastings should restore his position and reimburse him for what it would have paid if he'd had European Breakdown Cover.

This is where I disagreed with the adjudicator's view. He said that Hastings should reimburse Mr H for the cost of his recovery to a garage.

But according to the policy document, European Breakdown Cover includes recovery to a garage, onward travel to the intended destination, emergency car hire at £70 per day up to a maximum of £750, B&B expenses, and transport home if the car isn't repaired before the planned return date.

Mr R had provided evidence of some of his costs. I thought Hastings should reasonably reimburse him for the recovery of his car and his family to a depot and then for his car to be taken to a garage (€337). It should reimburse €45 for a taxi to take his family to their destination.

Mr R had no transport so he hired a car to take his family for the next part of their holiday, which was non-refundable, for four days at a cost of £398. I thought Hastings should pay four days car hire at £70 a day, £280 in total. Mr R's car wasn't repaired. He thought the cost too high so he had it scrapped to cover storage charges. So Mr R looked for other ways home.

I thought Mr R had shown that he mitigated his losses by cancelling a refundable part of his holiday to get cheaper fares home on a budget airline. He said the fares cost £586. Mr R sent us the boarding passes, but he didn't provide evidence for this cost. So I thought Hastings should reimburse this amount, subject to Mr R providing evidence of the cost.

Mr R has been without this money for some time so I thought Hastings should reasonably pay him interest on what it owes him.

Mr R wanted Hastings to pay for his car's replacement, but I didn't think this was reasonable. The repair costs would always have been his responsibility. It was his decision to scrap the car rather than have it repaired.

Subject to any further representations by Mr R or Hastings, my provisional decision was that I intended to uphold this complaint. I intended to require Hastings Insurance Services Ltd to do the following:

1. Reimburse Mr R for the following costs it would have paid if he'd had European Breakdown Cover in place on his holiday:
 - Recovery of his car and his family to a depot and then for his car to be taken to a garage (€337).
 - €45 for a taxi to take his family to their destination.

- Four days car hire at £70 a day, £280 in total.
 - £586 for flights back home subject to Mr R providing reasonable evidence of the cost.
2. Pay interest on the total amount at the simple rate of 8% per year from the date Mr R made the payments to the date it makes the repayment.

Mr R agreed with my provisional decision and provided us with the receipt for the flights back home. Hastings hasn't provided anything further for me to consider.

my findings

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

I think Mr R has provided reasonable evidence of the costs of the flights home. Neither party has provided any representations that change my provisional decision. So I think Hastings should restore Mr R's position and reimburse him for what it would have paid if he'd had European Breakdown Cover, as set out above.

my final decision

My final decision is that I uphold this complaint. I require Hastings Insurance Services Ltd (trading as Hastings Direct) to do the following:

1. Reimburse Mr R for the following costs it would have paid if he'd had European Breakdown Cover in place on his holiday:
 - Recovery of his car and his family to a depot and then for his car to be taken to a garage (€337).
 - €45 for a taxi to take his family to their destination.
 - Four days car hire at £70 a day, £280 in total.
 - £586 for flights back home.
2. Pay interest on the total amount at the simple rate of 8% per year from the date Mr R made the payments to the date it makes the repayment. HM Revenue & Customs requires Hastings to take off tax from this interest. Hastings must give Mr R a certificate showing how much tax it's taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 14 April 2016.

Phillip Berechree
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