

complaint

Mr R complains about the level of cover provided by Allianz Insurance Plc (Allianz).

background

Mr R held a warranty policy with Allianz. After his vehicle had reached 100,000 miles on the clock the level of cover reduced to exclude claims relating to wear and tear. Mr R considered this to be a significant reduction in cover and felt that his premiums should have been reduced or refunded. He complained to us.

One of our adjudicators looked into the matter but didn't uphold the complaint. They were of the view that the terms and conditions of the policy were clear, including the limitation of cover after 100,000 miles. They also were satisfied Mr R was provided with the relevant terms and conditions and was not obliged to renew his policy if he no longer considered it to be suitable for his needs. Mr R did not agree. The matter has therefore been passed to me for a final decision.

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 too won't be upholding the complaint. I'll explain why.

When Mr R took out his policy he was provided with the terms and conditions, they state:

"What is covered?"

This warranty covers all factory-fitted mechanical (excluding electric drive lithium ion battery, pack, cells, charging equipment or cabling and wiring) and electrical parts (including labour to fit them) of the covered vehicle against sudden electrical or mechanical failure or failure due to wear and tear (unless the insured vehicle has exceeded 100,000 miles).

Wear and tear is covered up to 100,000 miles from the date of first registration if it causes an electrical or mechanical failure of the insured vehicle"

I consider the above to be a clear summation of cover and that Mr R should have known from this the policy limitation. Also, that he would still have been able to benefit from the policy; for claims unrelated to wear and tear. As this information was available to Mr R from the onset of his warranty, he could have decided what to do when 100,000 miles approached. And he could have cancelled the policy after his vehicle had reached 100,000 miles if he wished.

The fact Mr R continued his policy is down to him. As I have said he could have cancelled it. As it wasn't cancelled I could really only consider compensation if it could be shown the policy no longer provided any benefit. That isn't the case. Mr R could still have made a valid claim under the policy, as long as the issue causing trouble wasn't due to wear and tear. This also isn't an unusual term in warranty policies, as many don't cover wear and tear, or don't cover wear and tear after a certain time. That doesn't make them unsuitable policies, as long as the limitations are clear.

Finally Mr R thinks as the wear and tear cover stopped his premium should have reduced. Setting the premium as the risk varies over the years would be a decision for the insurer, and then Mr R can agree to pay it or seek cover elsewhere or self insure. I can't see that the insurer promised anywhere that the premium would be recalculated at 100,000 miles.

my final decision

I do not uphold this complaint. I make no award against Allianz Insurance Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 30 May 2019.

Christopher Tilson
ombudsman