

## The complaint

Mr C complains about the way Acromas Insurance Company Limited handled a claim under a Parts and Garage Cover (PGC) insurance policy.

Reference to Acromas include its agents.

## What happened

Mr C held a PGC policy which was underwritten by Acromas.

The Investigator set out his understanding of the complaint and recommendation that it should be upheld in part as follows:

“This policy is designed to help contribute towards the costs of repairs if a vehicle can’t be fixed at the roadside. The policy documents outline that whilst they may recommend a garage to complete the repairs, any professional repairer of your choice can be used. The policy documents are clear that you can nominate a garage of your choice.

Mr C had explained he was not given this option by the AA patrol however as I was not there at the time, and the terms of the policy are clear, I have no evidence to suggest he was made to use a specific garage.

Regardless of whether the garage is recommended by the AA patrol or chosen by a consumer, the PGC policy always responds in the same way. The policy is not designed to provide the repairs (like how a standard motor insurance policy might) but to contribute towards the costs of these; up to £500 (after deduction of excess). This means that the contract of repair is never between the consumer and AA but always between the consumer and whichever garage the vehicle is taken to. This is explained in the policy documents on page 13 where it outlines:

*“Any repairer appointed, whether direct by You, or on Your behalf, will carry out repair work to Your instruction and the contract of repair will be between You and the relevant repairer.”*

Mr C believes the garage his vehicle went to have caused damage however this will need to be something he takes up with the garage directly. I am unable to hold the AA responsible for any damage that has occurred to the vehicle due to the above. I note in its final response letter of 1 August 2023, AA does provide some contact details for Mr C to pursue this further.

When the vehicle was with the repairing garage, AA have explained that they authorised a claim up to the full limit of £500. When Mr C decided not to proceed with the repairs AA have said that this was then rescinded. As such, the roughly £200 diagnostic charge was left to be paid by Mr C.

Having looked at the terms of the policy I don’t think this is fair. Nowhere in the terms

and conditions of this policy does it allow for AA to rescind / withdraw its claim authorisation. Nor do the terms allow for AA not to pay the diagnostic charges if a repair doesn't proceed.

The policy documents outline on page 13 that diagnostic charges:

*"...will only be paid for as part of a Paid Claim".*

A paid claim is defined as *"A claim we have authorised..."*.

As explained to me by AA, this claim was authorised. And as explained above, the terms do not give AA the right to withdraw authorisation.

I can't hold AA responsible for the damage to Mr C's vehicle, but I do find that his diagnostic charges should have been paid under the policy. I note that the policy entitles a customer to a maximum of five claims in each 12 month period of cover and to be clear, if paid, this will count towards that limit.

### **How to put things right**

AA should, upon receiving proof of payment from Mr C, reimburse the cost of the diagnostic charge plus 8% simple interest from the date it was originally paid until the date AA make the reimbursement.

AA should also award £75 in compensation for the inconvenience caused to Mr C by not having this claim paid originally."

Acromas didn't agree with the Investigator's view. It said, broadly, while it authorised the claim, it didn't authorise some of the costs Mr C incurred when releasing the vehicle from the garage. It said these costs included diagnostics *and* reassembling the vehicle. And if Mr C can provide a repairing invoice, then it will cover 50% of the charges he is claiming for.

It also said Mr C should raise his concerns with the third-party he purchased the vehicle and PGC policy from shortly before the vehicle fault. And it said it didn't agree with the Investigator's interpretation of the policy, and what it's designed to do.

Mr C said he was happy with the Investigator's approach, but he maintained the patrolman acted unfairly when pointing him to a garage without offering any alternatives.

As no resolution could be agreed, the case was passed to me for a 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.

Having done so, I find the overall outcome reached by the Investigator to be a fair and reasonable one, and I agree with his reasons for it. I say this for the following key reasons:

- The policy says it's designed to pay for spare parts used to fix a vehicle at the roadside Acromas would usually charge a policyholder for. Or it can help to cover the costs of work that's done at a garage after a breakdown.
- That's what happened here – Mr C took his vehicle to a garage on the instruction of Acromas' patrolman and a claim was authorised. He decided not to proceed with the

garage due to concerns over their conduct and the alleged further damage to his vehicle, and he incurred some costs as the result of diagnostics carried out by the garage (roughly £200).

- I cannot reasonably hold Acromas responsible for the concerns Mr C has in relation to the garage. I say this because I find the policy says the contract of repair is between a policyholder and the repairing garage – regardless of which party chooses the garage. But I don't find it acted fairly and reasonably when declining to reimburse the charges Mr C incurred because he decided not to proceed. I say this because I'm not satisfied the policy allows it to do this.
- Here – Acromas authorised the claim. Therefore, it follows that it's liability for the claim was to contribute towards the costs of the works, up to the claim limit. The policy says any exploratory dismantling charges (diagnostics) will only be paid by Acromas as part of a paid claim. A paid claim is defined as a claim authorised by Acromas, which is what it did here.
- The charges Mr C is seeking reimbursement for fall within the claim limit set out within the policy. So, it follows I find it's fair and reasonable to require Acromas to reimburse the costs to Mr C for the work done by the garage, up to the claim limit for this specific claim, and include interest.
- I recognise Acromas say the charges Mr C is seeking reimbursement for represent both diagnostics *and* reassembling the vehicle – works it has said it didn't authorise. But I think it's fair to say given it authorised the claim – which likely included exploratory dismantling / diagnostics and repairs – this authorisation would have extended to a contribution towards the reassembling costs, in line with the claim limit.
- I note Mr C strongly feels the patrolman and garage colluded against him to defraud him. He's said the patrolman made a point at the roadside of saying: *"I can arrange to get your vehicle booked in with an approved garage"*, without providing other options. But I'm not persuaded this comment or the evidence currently available supports Mr C was forced by Acromas to use the repair garage recommended by the patrolman. Or that the patrolman's intentions were anything other than trying to be helpful with progressing the claim promptly.

### **Putting things right**

Acromas must settle this complaint by doing the following:

- Reimburse the costs Mr C incurred from the garage when releasing his vehicle upon proof of payment. Mr C has said this was roughly £200. And include simple interest\* at 8% per year, from the date Mr C made the payment, to the date of settlement.
- Pay Mr C £75 compensation to recognise the distress and inconvenience this matter has caused him to experience.

### **My final decision**

For the reasons I've mentioned above, my final decision is I uphold this complaint. I now require Acromas Insurance Company Limited to settle this complaint in line with my instructions above.

\*If Acromas Insurance Company Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr C how much it's taken off. It should also give Mr C a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 3 October 2024.

Liam Hickey  
**Ombudsman**