

The complaint

Mr C has complained about a motor warranty insurer, Motors Insurance Company Limited (MICL). MICL provides mechanical breakdown insurance for Mr C's car, which I'll refer to as "J".

This complaint will require me, in this decision document, to refer to a limited company of which Mr C is a director. Further that the business of that company, detail from its website and that MICL chooses not to offer warranties for cars which are used for certain purposes relevant to the business of the limited company. Our decisions are published, so I have to ensure details within my decision protect anonymity. For that reason I will not be disclosing the nature of the limited company's business or the specifics of the circumstances under which MICL chooses not to offer warranties. But the parties can be assured that I am fully aware of the specifics of all these details.

What happened

Mr C owns J. He is also a director of a limited company which has a website. Mr C had a warranty for J with MICL. While considering a claim for another car Mr C uses, which is owned by the limited company, MICL became concerned that J was being used to provide services as part of that business. That it was being used for purposes which MICL had specifically chosen to exclude from its policy. MICL cancelled the warranty for J.

MICL told Mr C it had cancelled the warranty due to J being used in connection with the business of the limited company. And that no refund would be paid. It said it was clear from the business's website that J was being used for a purpose it had chosen not to offer cover for. Mr C said that was not the case. He acknowledged there was a photo of J on the website, but said the car wasn't actually being used for the service offered by the limited company. MICL wasn't prepared to accept that. Mr C complained to the Financial Ombudsman Service.

Our Investigator asked MICL for evidence it had of J being used to provide the services offered by the limited company. MICL directed her to the website for the limited company's business. Our Investigator noted that there was no photo of J on the website showing it undertaking the services offered by the limited company. She noted some 'about us' details on the website which set out some interests of Mr C and detailed that he owns J. She wasn't persuaded that MICL had shown J was most likely being used to provide the services offered by the limited company's business. She felt MICL had acted unfairly and unreasonably in revoking the warranty. She said it should be reinstated, the record of the cancellation removed, and £150 compensation paid to Mr C.

MICL asked for an Ombudsman's 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.

MICL said all of the evidence showing J is used for the services of the business, is on the website. It sent screen shots of the website. I've reviewed all of that. I find my view is the same as that set out by our Investigator. In short there is nothing on the website which makes me think J is used for the purposes of providing the services offered by the limited company's business.

The website, in my view, does not suggest, even in respect of any photo of J, that J is used in offering the services of the limited company. It does reference Mr C owning J – under a title "Vehicles used by [Mr C]". But that is within a section giving personal background details about Mr C. In a different part of the website there is reference to service users being able to use "one of our vehicles". But as this is a company website, I don't think the reference to "our" can reasonably be read to refer to a vehicle personally owned by Mr C.

I'm not persuaded, from what MICL has said, that J is used to provide the services offered by the limited company's business. It was because of its view that J was being used for that purpose that the warranty for J was cancelled. I'm satisfied that that cancellation was unfair and unreasonable. I'm further satisfied that Mr C was caused some inconvenience because of the cancellation.

Putting things right

I require MICL to:

- Reinstatement the warranty for J.
- Remove any record of the cancellation from its own and any external database.
- Pay Mr C £150 compensation.

My final decision

I uphold this complaint. I require Motors Insurance Company Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 14 March 2024.

Fiona Robinson
Ombudsman