

The complaint

Ms R complains that One Insurance Limited (“OIL”) declined to attend to her under her breakdown insurance policy after her car suffered a flat tyre.

Part of this complaint concerns the actions of an intermediary, for whom OIL is responsible. Any reference to OIL includes the actions of its intermediaries.

What happened

Ms R held a breakdown insurance policy with OIL.

In late 2023, Ms R suffered a flat tyre and contacted OIL for breakdown recovery. She said she had hit a pothole the previous day.

OIL declined to attend to Ms R because it said the damage had been caused by an impact or collision which isn’t covered under her policy. It suggested that this is something for which Ms R would need to claim under her motor insurance policy instead. So, Ms R had to pay for another breakdown provider to attend to her, and she complained to OIL.

OIL considered Ms R’s complaint but didn’t uphold it. It said any damage caused by a collision would not be something that OIL would be able to handle as this would not be deemed as a breakdown. It quoted a term in Ms R’s policy that it said specifically excluded her situation.

Ms R didn’t think this was fair, so she referred her complaint to the Financial Ombudsman.

Our investigator looked into things and didn’t think Ms R’s complaint should be upheld. She thought OIL had acted in line with Ms R’s policy terms and had applied its exclusion fairly.

Ms R didn’t agree. She thought OIL had acted contrary to consumer law by applying an unfair term, not acting in good faith, and not providing a breakdown service that she thought other providers offered.

Because Ms R didn’t agree, her complaint has been passed to me to decide.

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’ve decided not to uphold this complaint for broadly the same reasons as our investigator. I’ve focused my comments on what I think is relevant. If I haven’t commented on any specific point, it’s because I don’t feel it affects what I consider to be the right outcome.

I know this will be disappointing for Ms R and I’d like to acknowledge her strength of feeling towards OIL not agreeing to the call-out. I’ve read everything she’s provided, and I know this

complaint is important to her, not least because she's out-of-pocket as a result of OIL's decision. However, I'm satisfied that OIL has acted fairly and reasonably. I'll explain why.

Insurers like OIL have a duty to handle claims promptly and fairly, and they shouldn't unreasonably decline a claim. So, I've considered whether OIL has handled Ms R's claim fairly and in line with her policy terms.

OIL says it didn't attend to Ms R because her policy doesn't cover wheel changes following impacts or collisions. It says it doesn't treat them as breakdowns.

I've looked carefully at Ms R's policy booklet to understand the coverage her policy provides. I can see it defines a breakdown as:

"An electrical or mechanical failure or accidental puncture that immobilises the vehicle."

Ms R's policy therefore does cover flat tyres in the sense of accidental punctures that immobilise her car, but OIL has raised an exclusion that it says applies to the individual circumstances of Ms R's claim. Ms R's policy says that OIL won't offer breakdown recovery if any exclusions apply, and the term OIL has raised excludes the following:

"Wheel changes following any impact to the vehicle."

Given Ms R told OIL she thought her flat tyre had been caused by a pothole, and a wheel change would presumably be required, I don't think it was unreasonable for OIL to say that it had been caused following an impact to her vehicle. So, I think the circumstances of her claim did fall within the above exclusion.

I can see Ms R refers to the Consumer Rights Act 2015 and, specifically, to a section which says that an unfair term in a consumer contract isn't binding. She also refers to the expectation of good faith in consumer contracts, and for terms that may be disadvantageous to consumers to be clearly highlighted. I do acknowledge Ms R's points. But, looking specifically at the exclusion that OIL has applied, it excludes a portion of flat tyre breakdowns, which are themselves only a portion of overall breakdowns. So, I don't think it's a significant or onerous term, nor do I consider it unfair. And I think listing it amongst the policy's exclusions was enough to make it clear.

Ms R has also expressed concern about the overall clarity of the term, especially the application of the word 'impact'. She's said consumers might not reasonably consider an impact against a pothole to fall within the exclusion when compared to, say, an impact against a curb. But I don't think that's a meaningful distinction. She's provided a definition of 'impact' as "the action of one object forcibly coming into contact with another". And I think that would include a vehicle impacting against a pothole, especially to the extent that a tyre or wheel is damaged. I appreciate Ms R says that the pothole may not have been the cause of her flat tyre, but it isn't in dispute that this was the cause she gave when she contacted OIL to ask for its assistance. I think it was reasonable for OIL to consider whether that cause gave rise to coverage under her policy before it chose what action to take.

Ms R has also compared her policy to similar products on the market and feels that the one provided by OIL is inadequate especially considering it was branded as a 'gold' policy. I should explain that it isn't for me to comment on other products. OIL as an insurer is allowed to choose the risks it does or doesn't wish to cover, as long as it sets this out clearly in its policy terms – and it is then for the customer to decide whether those terms meet their individual needs. I'm satisfied the term OIL applied was clear, so I can't say OIL has acted unfairly in reaching its decision.

I know this will be disappointing for Ms R and I want to reassure her that I have considered the points she's raised. But I do not require OIL to do anything further to resolve this complaint.

My final decision

For the reasons set out above, I don't uphold Ms R's complaint about One Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 29 July 2024.

Chris Woolaway
Ombudsman