

The complaint

Mr B complains about the way Helvetia settled a claim he made under his breakdown cover insurance policy.

What happened

The background to this complaint is well known to both parties, so I'll provide only a very brief summary here.

Mr B had a breakdown cover insurance policy underwritten by Helvetia. This covered his car when he was travelling abroad.

On 16 August 2023, Mr B called Helvetia's agents to advise that his car has broken down. At the time, he was on holiday overseas with his family.

Helvetia arranged for a local contractor to pick up the vehicle and take it to be fixed. The contractor wasn't able to come the same day but picked up the car the following day – which was the day Mr B and his family were due to return to the UK.

The car was returned and appeared to be working. But the same problem recurred when Mr B next tried to start it.

In short, being now unable to travel that day, Mr B managed to secure two extra nights at the holiday accommodation – at a cost of £40. But his family had to be back in the UK for work reasons soon after that.

Mr B asked Helvetia's agents to assist him in getting to a shop to buy food. They said they didn't offer that service. Mr B got a lift to the shops from the owner of the holiday accommodation for a small payment.

That same day (17 August) Mr B had a discussion with Helvetia's agents. They agreed to arrange for the car to be picked up again on 19 August.

Mr B had to return to that UK that day – and so, it was agreed Mr B would book travel to get his family back home on 19 August, after the car had been picked up. Mr B bought train tickets for the journey – at a cost of £1077.83 – on the evening of 17 August.

When the contractors appeared to pick up the car on the morning of 19 August, they managed to start it. Although it was a temporary fix, it was sufficient to get Mr B and his family back home to the UK.

At the time, Mr B was told that Helvetia wouldn't pay for the train tickets, since they'd arranged for the car to be repaired and he no longer needed to travel by train back to the UK.

Mr B complained to Helvetia. He was unhappy with the delay in the car being first picked up (on 17 August).

He was unhappy Helvetia hadn't arranged – and paid for – a taxi to take him to the garage to pick up his car. He'd had to get a lift from the proprietor at the holiday accommodation.

He was unhappy Helvetia hadn't provided assistance for him to get food for his family, given that they were holidaying in a remote location.

And he was unhappy Helvetia weren't covering the remaining cost of the train tickets after he'd secured a refund of £346.80 from the train companies. The rest of the cost being non-refundable.

Helvetia said the policy didn't cover the travel to and from the garage and/or to and from the supermarket. But they offered to pay the £40 for the two nights' extra accommodation.

They also said they'd pay £431.03 towards Mr B's train travel costs. They said there was £731.03 remaining after the refund. But Mr B had booked non-standard tickets which included extra leg room and food, at an extra cost per person of £60. So, they were deducting £300 (£60 per person) from the overall amount.

And they offered Mr B £100 in compensation for the trouble and upset caused by the delays and the poor service.

Mr B wasn't happy with this and brought his complaint to us. Our investigator looked into it. She thought Helvetia had acted fairly and reasonably in paying for the extra accommodation – and in paying the £431.03 towards the travel costs.

And she thought they were right to say they weren't obliged to pay for Mr B's travel to the garage and/or the shops. But she thought they should increase the compensation for Mr B's trouble and upset from £100 to £150.

Mr B disagreed and asked for a final decision from an ombudsman.

I agreed with our investigator that the complaint should be upheld. But I disagreed about what Helvetia need to do to put things right for Mr B, so I issued a provisional decision. This allowed both Mr B and Helvetia the chance to provide further information or evidence and/or to comment on my thinking before I made my final decision in this case.

My provisional decision

In my provisional decision, I said:

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

Mr B's car had a fault that, with hindsight, it appears could have been fixed temporarily to allow him to travel back to the UK before seeking a more permanent repair.

If Helvetia's agents had temporarily fixed the car on 17 August, Mr B would have been able to return home to the UK as planned. They didn't – which appears to have been an error given that the car was fixed quite quickly on the morning of 19 August.

So, Helvetia's agents' errors put Mr B in a very difficult position. It's quite right then that Helvetia should pay for the extra nights' accommodation – at what is, on the face of it, the very small cost that Mr B negotiated.

The policy allows for transport on from the scene of a breakdown to the destination (or elsewhere if the customer prefers). Mr B's breakdown occurred at his destination – the holiday accommodation. I don't think it was unreasonable then for Helvetia to say that they wouldn't cover the cost of Mr B's local travel on the following days.

On 17 August, Mr B – who, as I say was in a very difficult position – spoke to Helvetia's agents. They told him they would cover the cost of repatriation to the UK for Mr B and his family.

Helvetia have since told us they think that was an error and that Mr B wasn't entitled to those costs. I'm not entirely convinced by that argument. Mr B was originally told his car would be – and in fact that it had been – repaired. He was later told it couldn't be repaired before his return to the UK. And then he found, on the morning of departure, that it could be repaired.

because Mr B had already taken other benefits from the policy (accommodation etc.) on the understanding that the car would be fixed.

As it is though, that argument is somewhat irrelevant. Helvetia's agents did tell Mr B he could pay for tickets back to the UK and would be reimbursed. Even if that were an error, once they'd told Mr B that Helvetia were bound in all fairness to stand by their promise.

Helvetia – to their credit - have, of course, accepted this and agreed to cover the train travel costs Mr B incurred. However, they've refused to cover all of the costs because they say Mr B could have bought cheaper tickets, without extra benefits including food. And they point out that the policy specifically excludes the cost of food.

To be clear, contrary to the assertion in Helvetia's final response letter to Mr B, he didn't book first class tickets. He bought standard premier tickets. Although I'm not doubting Helvetia's assertion that standard tickets would have cost £60 less per person.

Mr B says that by the time he booked, standard tickets weren't available. That's not entirely unlikely given that the booking was made just over a day before travel, at the height of the holiday season. And I note Helvetia suggested that the reasons for the initial delay in providing the breakdown service were to do with the busy holiday period.

Mr B can't now prove that standard tickets weren't available at the time. But I have no reason to doubt his word. And as I say, the short notice Mr B had before buying the tickets means it's not unlikely his choices were somewhat limited.

I also note that the policy section dealing with repatriation says simply that Helvetia will pay up to £300 per person for travel costs. There's no caveat in the policy terms that says the customer must find the cheapest way to get home. Nor is there any requirement that the costs should be "reasonable", which is in contrast to other sections of the policy.

So, I don't doubt Mr B's word that he couldn't find cheaper tickets. But even if he could have done so, I don't think the policy terms require him to do that. It would be a perfectly reasonable reading of the terms, as set out in the policy document, to think that a customer were entitled to choose whatever option they preferred, as long as it didn't come to more than £300 per person.

It follows that unless I receive any further and persuasive arguments or information in response to this provisional decision, I'm minded as things stand to require Helvetia to pay Mr B's remaining travel costs in full – after deducting the refund he obtained.

I'm satisfied that the £150 compensation for Mr B's trouble and upset suggested by our investigator is fair and reasonable. Mr B was always going to find himself in a stressful situation once his car has broken down whilst he was overseas on holiday.

However, Helvetia's and/or their agent's errors exacerbated that stress. And Mr B has since had the worry of not knowing whether his travel costs were ever going to be reimbursed in full.

To be clear then, I'm minded, as things currently stand, to require Helvetia to: pay the £40 for Mr B's additional nights' accommodation; pay Mr B £150 in compensation; and pay Mr B the full travel costs remaining after the refund – that is, £731.03.

If Helvetia have already paid any part of that, I'd appreciate if the parties would let me know in response to this provisional decision. That's important because I'm also minded to add interest at 8% simple to any part that hasn't yet been paid. I'm minded to do that because Mr B has effectively been deprived of that money from the point he paid the train companies to the point at which he gets that money back from Helvetia."

The responses to my provisional decision

Helvetia haven't responded to my provisional decision. However, I understand from Mr B that they've made a payment of £957 to him.

Mr B responded to say that he was broadly in agreement with my provisional decision. However, he's unsure how Helvetia have calculated the interest and arrived at the figure of £957.

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.

Given that Helvetia haven't responded, but have seemingly paid Mr B what I suggested, and given that Mr B agrees with my reasoning, I have no reason to change my mind and/or the position set out in my provisional decision.

To answer Mr B's specific question, I said I was minded to require Helvetia to pay him £40 (accommodation fees) plus £731.03 (travel costs) plus £150 in compensation.

Interest was to be applied to the accommodation and travel costs (totalling £771.03), given that Mr B had been deprived of that money from the date that he paid it out. Interest would of course not be applied to the compensation payment. Mr B hasn't been deprived of that money.

Mr B incurred the accommodation and travel costs in August 2023 and Helvetia appear to have paid him in March 2024. That's seven months. Interest is at 8% per annum simple (a rate used by the courts in cases like this).

Annual interest at 8% on £771.03 is around £58.48. Seven twelfths of that is around £36.

And £771.03 (travel and accommodation costs) plus £36 (interest on that) plus £150 (compensation), comes to around £957. Which is the amount Helvetia have paid to Mr B.

Helvetia haven't told me how they calculated the payment, so I'm making some assumptions. They may have calculated by the exact dates of the payments, rather than the approximation of seven months.

However, I hope Mr B will be able to see from the calculations set out above that Helvetia have fully complied with the requirements set out in my provisional decision.

Putting things right

As I've said above, I have no reason now to change my mind about the payments I said Helvetia should make to Mr B in my provisional decision.

I'll set these out again below, to confirm my final decision. For the purposes of absolute clarity, I'm aware Helvetia have already made the required payment to Mr B and I'm not suggesting they should do so again.

My final decision

For the reasons set out above and in my provisional decision, I uphold Mr B's complaint.

Helvetia Global Solutions Ltd must pay Mr B £771.03 (accommodation and travel costs) plus interest on that at 8% simple plus £150 in compensation for his trouble and upset.

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

Neil Marshall
Ombudsman