

# Case study

## A mechanical failure should not leave you out of pocket

### Background

When Ms N bought an old car, she took out vehicle insurance against mechanical failures.

Shortly thereafter the car's engine broke and Ms N got a quote to have it replaced. The quote was more than the value of the car. Ms N lodged a claim under her automotive insurance policy hoping her insurer would work with her to resolve her claim. However, the insurer failed to deal with her claim. Instead it raised several technical points and refused to pay Ms N anything. This left Ms N feeling frustrated.

When Ms N realised her insurer was not going to honour her claim, she decided to refer the dispute to Financial Dispute Resolution Service.

### Mediation

A mediation was arranged for Ms N and her insurer however they were unable to resolve the matter and Ms N asked that her matter be adjudicated.

### Adjudication

The adjudicator considered the submissions from both Ms N and her insurance company.

The adjudicator held that Ms N had lodged her claim within the prescribed period provided for in her policy. The adjudicator also found Ms N's policy was fully paid up and not in arrears when she lodged her claim. The adjudicator held the claim was straight forward and the insurance company should have worked with Ms N to resolve her complaint.

### Outcome

The insurance company had to pay Ms N the full amount she was entitled to under her insurance policy.



*\*Names have been changed to protect our customers' identities*