Warranty Claim Denied? Common Reasons Why Claims Are Denied

By Mike Jones, President & CEO of autopom! Insurance Services, LLC.

After spending hard-earned money on an extended warranty from the manufacturer or a vehicle repair plan from a third party It can be incredibly disheartening to hear that your warranty claim has been denied. How is this possible?

A vehicle repair plan is a contract – an agreement between you and the provider. And, like every contract, there are terms and conditions. The terms and conditions define the level of risk that the policy provider is willing to assume in exchange for a certain fee.

The contract is an agreement that governs the relationship between two parties where both parties have responsibilities. The provider is obligated to pay for covered components according to the terms of the contract, and the customer must read the agreement and comply with specific terms.

Here are some of the reasons your warranty claim may be denied.

Not Listed

The warranty claim will be denied if the failed part or component is not listed for coverage. This is a very common reason for claim denial. For example, if you have powertrain coverage and a suspension component has failed, your claim will be denied because suspension components are not listed for coverage in a powertrain plan.

The age of your car or truck will determine what level of coverage your vehicle qualifies for when purchasing your policy. Plans range from basic powertrain to Exclusionary (most comprehensive), with a few tiers between these extremes.

Tip: Always purchase the highest level of coverage available for your vehicle. Before buying a powertrain plan for your older, high-mileage vehicle from a competitor, check with us here at autopom! We have programs that offer better coverage for older cars.

Misuse

Most policies have terms that prohibit certain types of use. Expensive repairs will require an inspection, and inspectors will take note of signs of misuse.

Racing, off-roading, ride-sharing, commercial use, and towing that exceeds manufacturers' recommendations are just some of the things typically prohibited in the policy. These are common reasons for warranty claim denial.

Tip: Before purchasing a car coverage plan, tell the sales representative how you will be using the vehicle. Here at autopom! we have options with a small surcharge to cover things like commercial use and ride-sharing.

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Modifications

Certain modifications may be prohibited depending on the terms and conditions written in your policy. Be sure to disclose any modifications made to the vehicle, as they may disqualify your vehicle from coverage.

Examples are oversized rims and tires, modified exhaust systems, and lifted or lowered suspension. Modifications can be a reason for claim denial if not disclosed during policy purchase.

Tip: If your vehicle has modifications, disclose them to the selling agent. There may be a surcharge to cover the modification. During the term of your contract, do not modify your vehicle.

Road Hazards And Natural Disasters

Most vehicle repair plans will not cover damage or repairs resulting from floods, fires, earthquakes, or road hazards. These are claims you should file with your auto insurance or homeowners policy.

Tip: If a flood, fire, earthquake, or road hazard causes damage to your vehicle, you should submit a claim with your auto insurance provider.

Branded Title

When a car is involved in an accident or damaged by a natural disaster, and the damage is substantial enough, the insurance company might declare it "totaled." This means the vehicle's owner will receive compensation based on what their insurer feels the car is worth. After this, the vehicle will be sold to a third-party and refurbished before being put back on the market with a branded or salvaged title.

Most providers will not accept vehicles with branded titles. If you are unaware that your car has a branded title, this could be a reason for claim denial if not declared at the time of policy purchase. Most providers do not accept vehicles with branded titles.

Tip: Always check the Carfax to ensure the vehicle you're purchasing has a clean title. If you discover you bought a branded title, don't worry; here at autopom! we have plans that offer coverage for vehicles with branded titles. Call us for a quote!

Altered Odometer

The price you pay for your policy is largely determined by the current odometer reading when purchased. The provider assumes that the mileage you reported to the selling agent is accurate. Based on this number, a quote is offered, and the contract is fulfilled.

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If you have a claim, down the road, as part of their due diligence, the adjuster will check the CarFax to make sure there are no inconsistencies in the mileage report. If an inconsistency is detected, this can be a reason for claim denial and contract termination.

Tip: Before purchasing a used vehicle, get a vehicle history report and ensure there are no inconsistencies in mileage reports. If you suspect a mistake has been made in the record, you can report it to CarFax using this link.

Recommended Repairs

"Recommended repairs" are a common reason for warranty claim denial. Per the contract terms, a vehicle protection plan will only cover a failed component. A shop may think that if the left front strut broke, the right front strut is probably on the way out, too, so you should change both simultaneously. There may be some logic to this reasoning, but remember that most providers will only pay to replace failed parts – not ones that might fail in the future. If you agree to replace the right front strut, be prepared to pay for it out-of-pocket.

Tip: This is not an easy one. You have to decide if it is worth your time to take care of it now and pay for the right strut or wait until it fails down the road and return to the shop to repair it under the contract. You also have to assess the accuracy of your service advisor's information. Sadly, many shops will recommend repairs that are unnecessary, so beware. autopom! is partnered with RepairPal.com and we highly recommend using a shop certified by RepairPal. They are known for honesty and transparency.

Unauthorized Repairs

All providers require the repair shop to submit an estimate of parts and labor before beginning any work on your vehicle. If you allow or instruct the repair facility to complete repairs before receiving authorization, you may have to pay the entire bill yourself.

Tip: Don't allow any work to begin on your car until the policy administrator has authorized the shop to proceed.

Overcharging

This is one of the reasons why authorization is so necessary. Some repair facilities will "pad" their bills when they know an insurance company or policy administrator will pay for the repairs. Plan administrators use nationally recognized time and labor guides to determine what repairs should cost. If the requested amounts for parts and labor do not align with the guides, this can be a reason for partial claim denial.

Tip: We recommend using one of our trusted and highly-rated partner repair facilities at Repairpal.com/autopom. You can use the Repairpal website to get instant estimates for common repairs.

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Non-Reputable Company

Some companies are quick to take your money but then will fight you on every little claim. Trying to get them to honor their end of the contract can be exhausting.

Tip: Before buying a vehicle repair plan, ask the seller who is the Administrator of the plan (this is typically not the seller but is a third party. Research the company to ensure they are reliable, well-established, and in good standing with the Better Business Bureau. An easy way to find the company's listing on the BBB is to Google: "company name" BBB.

Lack Of Maintenance

All vehicle repair contracts require that you keep up with service maintenance per the recommendations in your owner's manual. If you fail to do so, this could be a reason for claim denial.

Tip: Perform all required maintenance and do so on schedule. Use a licensed repair facility to do the maintenance. I recommend using a certified RepairPal facility. You can find one near you using this link. Important: Keep all maintenance records in a safe place so you can provide them if requested.

Pre-Existing Condition

If the part or component was failing or had already failed before you purchased the warranty or during the validation period (typically 30 days after you bought the policy), this could be a reason for claim denial.

Tip: If you have owned the vehicle for a while, you may have a pretty good idea of the car's condition and need not worry too much about claim denial due to a pre-existing condition. However, if you're aware of mechanical or electrical problems with the vehicle, get these repaired before purchasing your plan. If you just bought a used car, you may not know the vehicle's condition. In this case, you should consider getting a complete vehicle inspection before purchasing your repair plan. I recommend using a RepairPal.com facility. Get any known issues repaired, and then purchase your repair plan.

Continued Operation

If you keep driving the car after you know there's a problem, you do so at your own risk. Any additional damage caused by the continued vehicle operation may not be covered. For example, a driver notices the check engine light is on, indicating the car is overheating. Because he's only a "short distance" from home, he decides to continue driving the car. A few blocks later, the vehicle stalls, forcing him to pull over and call for a

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tow truck. The engine is now likely to be severely damaged, and this claim will be denied for “continued operation.”

What was likely a simple repair for a failed water pump is now a repair for catastrophic engine failure. So, if your car overheats or your oil pressure gauge drops, immediately pull over, turn the engine off and call for a tow – do not continue to drive the vehicle!

Tip: Deal with mechanical issues at the first sign of trouble. Do not continue to operate the vehicle, as it may become a reason for claim denial.

Warranty Claim Denied Summary

A vehicle protection plan can be an excellent investment with the right coverage. By understanding the terms of your contract and following the above tips, you can avoid the disappointment of hearing "warranty claim denied" and enjoy peace of mind of knowing that the right coverage is in place whenever you need it. Call us at **(800) 724-8141** for a free, no-hassle quote experience to get your vehicle protected. We’re autopom! – A trusted partner in protecting your vehicle!

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