

## **The complaint**

Mr B has complained about the total loss settlement MCE Insurance Company Limited offered and the excess it deducted when it dealt with a theft claim he made under his motorcycle insurance policy.

## **What happened**

Mr B made a claim to his insurer, MCE which it initially rejected. This was dealt with under a separate complaint by this service and MCE dealt with Mr B's claim as a total loss. Mr B's motorbike was recovered following the theft but wasn't economical to repair.

Mr B complained that the valuation was too low and the excess MCE deducted from the settlement wasn't what he requested when he bought the policy. Mr B was unhappy that MCE had taken a 15% deduction from the settlement because his bike had been previously written off.

MCE didn't uphold Mr B's complaint. It said the total loss settlement it paid, the excess it deducted and the deduction it took for the bike being a previous write off was correct.

Mr B asked us to look at things for him. He valued his motorbike at £2,000 and said he didn't agree to an excess above £350. He was unhappy with the length of time it had taken for MCE to deal with his claim. He told us his Compulsive Basic Training (CBT) test expired in September 2019. As he didn't have use of a motorbike, he wasn't in a position to take a motorbike licence test before the expiry date.

Our investigator thought MCE had reached its decision as to the total loss settlement in a fair way and in line with our approach. And she thought the deductions it took were also fair and in line with the policy. But she thought MCE should pay Mr B £100 compensation for the distress and inconvenience its delay of five weeks in settling the claim had caused. It offered a total loss settlement to Mr B on 18 July 2019. This was two months before his CBT certificate expired.

MCE said it hadn't investigated Mr B's complaint about a delay. So it said it would deal with this separately. After investigating, it paid Mr B £200 compensation for the distress and inconvenience caused.

Mr B accepted the £200 compensation for the delay. But he didn't accept the total loss settlement sum. Mr B kept his motorbike and didn't agree with the engineer's categorisation of his bike.

So Mr B's complaint about the total loss settlement, the excess deduction and the categorisation of his bike 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.

As Mr B accepted MCE's resolution to his separate complaint about delay, I haven't formed a view on this in this decision.

MCE doesn't have a copy of Mr B's application when he bought his policy. So our investigator checked the comparison website online that Mr B used. Screenshots of the key sections of the application show that the excess is visible to a customer before buying the policy. However, I think the strongest evidence that Mr B was aware of the excess is a recording of a call between him and MCE on 14 July 2018. Mr B called MCE to say the model of his motorbike had been incorrectly recorded. The agent told Mr B;

*"If you choose not to use the insurers own repairers, an excess of £300 will apply, which will be in addition to £1,050 under your policy."*

Mr B's policy documents also highlighted the excess of £1,050 for fire and theft claims. So I'm satisfied that Mr B was made aware of the excess under his motorbike policy.

As the investigator explained, we don't decide a valuation for a vehicle. But we can look at whether an insurer had reached its valuation reasonably and in line with the policy. Mr B's policy says the most MCE will pay in the event of a claim is the market value of his motorbike at the date of loss. This means it doesn't need to take into account seasonal adjustments which Mr B says can make a difference to the value of a motorbike.

As MCE's total loss settlement was within the range of the main motor trade guides, I think it reached its valuation in a reasonable way and in line with the policy.

The engineer who carried out a report on Mr B's recovered bike checked its history and discovered it was previously a Category 'C' write off. Mr B said he wasn't aware that his motorbike had been previously written off. A vehicle that has been previously written off isn't as desirable in the market place as a similar one that hasn't. So I don't think MCE acted unreasonably in reducing the total loss settlement by 15% to reflect the difference in the market value of Mr B's motorbike based on its true history.

The engineer declared Mr B's motorbike a category 'B' write off which means it wasn't roadworthy. I understand Mr B doesn't agree with this – and our investigator explained he is welcome to provide a report from an engineer to say otherwise. But based on the information available, I think it was reasonable for MCE to rely on the expert opinion of the engineer who inspected Mr B's motorbike.

I understand Mr B retained his motorbike. As the investigator explained, MCE is entitled to deduct a salvage fee from the settlement if Mr B decided to keep his bike. Mr B has recently told us that his motorbike has since been removed by the local council and he would like MCE to make an offer of £130 as the equivalent cost of a new CBT certificate. He would also like MCE to allow him two years No Claims Bonus.

Our investigator forwarded Mr B's comments to MCE. It hasn't agreed to make any further offer. It said Mr B hadn't earned any NCB when he bought the policy. As he used the comprehensive cover by making a claim, he hasn't therefore earned any NCB.

I appreciate that due to our investigation, further time has passed. But as I think MCE decided its total loss settlement in a fair way, I can't safely conclude that it's responsible for the fact that Mr B wasn't able to complete his motorbike licence test by September 2019 – as

the offer was made two months before then. And as I've said, MCE dealt with Mr B's complaint about delay separately, which Mr B accepted.

I understand Mr B will be disappointed. But I think the total loss settlement MCE decided was reached reasonably and the excess was correct and in line with the policy.

### **My final decision**

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 June 2020.

Geraldine Newbold  
**Ombudsman**