

The complaint

Mr G is unhappy with the way MCE Insurance Limited (MCE) has handled his motorcycle insurance claim in relation to a courtesy bike, legal assistance and the insurance premium for the remainder of the year.

What happened

Mr G purchased a motorcycle insurance policy on 11 April 2019. On 2 May 2019, he reported a collision with a cyclist and made a claim on his insurance.

Mr G told us that he'd contact MCE on 9, 16 and 20 May 2019 to request the use of a courtesy bike, which he was entitled to under his policy. MCE said it had explained on 9 May that Mr G's bike would need to be declared a total loss before he was entitled to the use of a courtesy bike. It said it was deemed a total loss on 15 May.

In a call on 16 May, MCE told Mr G it could deliver a courtesy bike on weekdays between 8am and 2pm. But Mr G said that because of his job, he wouldn't be available for delivery then and asked that they deliver the courtesy bike to his wife. He said she could provide necessary identification and sign the relevant documentation on his behalf. But MCE said that Mr G had to take the delivery. So Mr G said that he'd leave it for the time being and MCE asked him to call back if he changed his mind. But when he later tried to arrange for delivery, he was told that he wasn't entitled to a courtesy bike any longer as MCE had offered to settle the claim.

Mr G noted in an email to the business that delivery to his wife had been allowed previously. He also said MCE was required to provide a courtesy bike within 48 hours of the claim being made, according to the policy document. And he felt that, as he was entitled to use of the bike for five days, the team responsible for arranging the delivery of the bike should be available all week to facilitate this.

Because Mr G said the incident wasn't his fault, he wanted to utilise the legal expenses cover he had included in his policy. He wanted to recover the excess for his claim of £1,525 as well as the insurance premiums he'd paid for the remainder of the year.

MCE said it instructed its solicitors to contact Mr G to discuss the claim - but Mr G wasn't satisfied with their terms, so this didn't go any further. Mr G noted that he had legal expenses cover for the cost of recovering losses that might not be covered by his motor policy. But he said he wasn't given the benefit of this cover and was, instead, offered a no win, no fee contract with the solicitor who would take a success fee of 35%.

Mr G didn't think it was fair that he was required to pay the full year's premium for the insurance policy when he'd only had use of it for a few weeks. MCE explained that it was standard practice within the motor industry that, where a claim is successful, the remainder

of the premiums for the full year are payable. It said this is because the insurer is deemed to have executed the annual contract in full by settling the full market value of the vehicle.

So MCE didn't uphold Mr G's complaint. But it said there was a delay in instructing its solicitors to contact Mr G. And it recognised that it wasn't initially made clear to Mr G that its solicitors would assist on a 'no win, no fee' basis and that he would be charged a success fee. So it issued payments totalling £150 to acknowledge this.

Our investigator considered this complaint. She recognised that there were errors which led to a payment of £150 being made. But she didn't think MCE needed to do anything further. Mr G disagreed. He felt there was more that should've been done in relation to the courtesy bike and legal expenses cover.

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.

While I know this will come as a disappointment to Mr G, I don't uphold this complaint – I'll explain why.

Courtesy bike

I've considered the relevant section of the terms and conditions of the policy. Under the section relating to courtesy bike cover, it says:

“Cover under this policy feature is effective only in connection with a valid claim made under your policy subject to all of the terms, conditions and exclusions detailed in this policy booklet and in your policy schedule. When we have accepted a claim under your policy this policy feature will provide you with cover in the event of a fault or not at fault accident only claim, where your motorcycle is declared a total loss by us.

We will provide you with a motorcycle up to a maximum of 125cc for up to 5 days, within 48 hours of the claim being confirmed, subject to availability.”

I think it's clear from this that the courtesy bike will only be provided once the vehicle is declared a total loss. And this seems to be what Mr G was correctly told on 9 May 2019.

I note that Mr G tried to arrange for a courtesy bike on 16 May- and I've been given a copy of the telephone conversation that took place. In this call, MCE explains that courtesy bikes will be delivered on weekdays between 8am and 2pm. Mr G explained that this didn't work for him because of his job but asked if his wife could receive it on his behalf. MCE explained that Mr G needed to be there to receive the bike as he'd need to sign a statement confirming that he understood and agreed he'd be responsible for the vehicle and any driving offences committed on the vehicle whilst in his care. But Mr G said that he couldn't take time off work and would leave it for now. He was told to call if he changed his mind.

I can see that Mr G emailed to follow up after this phone call on 16 and 20 May in relation to the courtesy bike. But in both emails, he still referenced that his wife would take the delivery of the vehicle. I think MCE had made it clear that this wasn't sufficient and that it needed to make the delivery to him directly. It's not for me to interfere with MCE's processes and procedures, so I don't think it would be fair for me to expect it to have allowed someone other than the policyholder to receive the bike – even if this is something it's allowed in the past. It's also not for me to suggest that it deliver vehicles seven days a week. But I feel it

might be worth mentioning here that I don't think its operating hours seem particularly unusual or restrictive.

I note that Mr G had asked for a courtesy bike after his own had been declared a total loss, as allowed by the policy. But MCE said that because his claim had been settled, the bike was no longer available. At this point, not only had the claim been confirmed (another requirement of the policy, as outlined above) but MCE had agreed to settle the claim. So it could be said here that its liability with Mr G had ended. But it still stands that there was no suggestion Mr G was going to be available to take delivery of the bike, as was required.

Taking everything into consideration, I haven't seen anything which would suggest that Mr G had arranged to be available to receive the bike around this period (and he doesn't appear to have called back as instructed if he had). So I don't think it would be fair to say that he lost out as a result of anything MCE did. It was more that his circumstances prevented him from having a courtesy bike. I don't think it would be fair to say that MCE failed to fulfil its contract to him.

Legal Expenses Cover

I note that Mr G wished to pursue the cyclist involved in the accident for the excess and for the insurance premiums for the remainder of the year. Personal injury and the cost of hiring a bike for five days have also been referenced. These latter points don't appear to have been put to the business but would be addressed similarly to the excess and insurance premiums.

MCE told us that it contacted its solicitor in relation to this case. The solicitor explained to it that pedal cyclists aren't required to have insurance for third party risk and, in its experience, claims against them often fail. It said this is because payments can't be enforced and it therefore couldn't say that Mr G's claim had better than a 50% prospect of loss recovery being made.

While Mr G has provided further thought around this, I've thought about what MCE can fairly be expected to do here. I think MCE was entitled to rely on the advice it was given from its legal expert. Given that the policy term expressly states cover wouldn't be provided "*where there is not a reasonable prospect of recovery*" I don't think it acted unreasonably in declining cover for legal expenses. I haven't seen evidence to suggest there would've been a sufficient prospect of success. It appears that the solicitor was willing to take on the case outside of the policy on a no win, no fee basis, but this falls outside of the complaint against MCE. So I don't think MCE has acted unfairly in relation to the legal expense cover.

Premiums payable

It appears that this aspect of the complaint may have been accepted by Mr G earlier. But I'll address it for completeness. Mr G noted that he'd only held the policy for a few weeks before needing to make a claim. For this reason, he felt that the premiums he'd paid for the remainder of the year should be refunded. MCE explained that, where a claim is successful, the remainder of the premiums for the full year remain payable. It said this is because the insurer is deemed to have executed the annual contract in full by settling the full market value of the vehicle. This is standard within the industry and I wouldn't expect it to refund any of the premiums for the reasons it's already given.

In summary, based on all the evidence, I don't think MCE has acted unfairly or unreasonably in relation to the points raised. I note that it felt it necessary to issue a payment of £150 to Mr G but, as he's pointed out, this matter wasn't brought to us as part of the complaint, so I haven't considered it. So I won't be asking MCE to take any further action here.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 17 July 2020.

Melanie Roberts
Ombudsman