

The complaint

Mr B complains that Carole Nash Insurance Consultants Ltd didn't inform him that the motorcycle insurance policy he bought did not cover bikes less than 10 years old.

What happened

Mr B bought his policy directly from Carole Nash online. He was insuring a motorcycle which was over 10 years old. Approximately half-way through the insured period he enquired about changing the motorcycle on cover. The new motorcycle he was looking to insure was less than 10 years old. He was told this wasn't possible under the current policy, but he could cancel it and take out a new one.

Mr B was unhappy to learn this would impact his no claims discount entitlement, as his progress towards the next year would need to start again. Mr B felt this was unfair, as had he known about the age restrictions when first buying the policy, he would have taken out insurance elsewhere. He said he regularly changes motorcycles during the year, so always needed a policy with some flexibility.

Carole Nash didn't agree the policy had been mis-sold. It said if Mr B had specific requirements about changing motorcycles mid-term he could have called them to discuss his future needs. Had he done so, he would have found out about the policy limits. It agreed that there had been some customer service failures during the complaint, and so offered £75 for any trouble and upset caused.

Our investigator considered the complaint and thought Carole Nash had acted fairly. He felt that it couldn't be expected to explain all the insurer's requirements to Mr B at the start of cover. He also felt that as Mr B hadn't needed to change the bike until around halfway through the policy, it was likely that even if he had known about the limitations, he would still have opted to proceed with the most competitively priced option. He felt the compensation offered was fair.

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.

Carole Nash was required, among other things, to take reasonable steps to ensure that Mr B only bought a policy under which he is eligible to claim benefits. And when proposing such a contract of insurance, ensure it's consistent with his insurance demands and needs. There's no dispute taken that Mr B was eligible to claim benefits under the policy for the motorcycle he'd insured. And it's clear that Carole Nash wasn't made aware that Mr B may change his vehicle mid-term.

The documents sent to Mr B explain the policy coverage and it's apparent that neither the terms and conditions nor the insurance product information document say motorcycles under

10 years old aren't covered. The point here though is that the bike Mr B insured was more than 10 years and so was fully covered.

I'm satisfied that Carole Nash sold a policy that Mr B was eligible to claim benefits and that it met his demands and needs as given during the online process.

The issue here is that it's the insurer that limits the age of a vehicle to be insured under a policy. But that's an issue of underwriting and not something I'd necessarily expect Carole Nash to be aware of or be able to explain at the point of sale, unless it was specifically brought to its attention by Mr B. Mr B sought cover for a specified vehicle, and he got appropriate cover. It's not uncommon for insurers to exclude specific makes or models within a vehicle make. If Mr B had expressed to Carole Nash that he changes his bike regularly throughout a year, then maybe that would put Carole Nash on notice to take additional steps to ensure the policy met his insurance demands and needs.

Carole Nash offered to arrange a new policy for Mr B, which involved cancelling the original one, incurring an administration fee and losing the progress towards no claims discount entitlement. This was understandably frustrating for Mr B, but I'm not satisfied Carole Nash did anything wrong.

The wording is clear about policy changes mid-term that it asks a customer to contact Carole Nash immediately if any of the policy details change. Mr B says if he'd known there was an age restriction on a vehicle insured on the policy, he would have looked for cover elsewhere. He may have done but on the information he gave Carole Nash I'm not persuaded it needed to check the insurer's underwriting criteria for every conceivable mid-term change.

Carole Nash offered £75 for customer service issues experienced when Mr B made his complaint. This included a dropped call and a lack of call back, which meant Mr B had to do some chasing. Looking at what happened, I think £75 is reasonable in the circumstances to reflect the impact these issues had on Mr B.

My final decision

Carole Nash has made an offer to pay £75. I conclude that such an offer is fair and reasonable in all the circumstances. My decision is that Carole Nash Consultants Ltd should pay Mr B £75.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 16 June 2020.

Sean Hamilton
Ombudsman