

The complaint

Mr A has complained that the broker MCE Insurance Limited mis-sold a motorbike insurance policy to him.

What happened

Mr A damaged his motorbike and made a claim to the insurer of the policy MCE Insurance Limited (MCE) sold to him. The insurer settled the claim by paying the market value of the motorbike. Mr A believed he should have received the value he declared the bike was worth when he bought the policy and which included modifications. Mr A said he spoke to MCE before buying the policy to make sure his insurance policy covered the modifications to his bike.

MCE didn't uphold Mr A's complaint. So Mr A asked us to look at things for him. Our Investigator asked MCE for a recording of the sales call from September 2019 but MCE said it was no longer available. So she based her view on the remaining information available. And having done so, the Investigator thought MCE hadn't mis-sold the policy to Mr A.

Mr A didn't agree. In summary he says MCE sold him a fully comprehensive insurance policy but that isn't what he had. He believes he wasn't in possession of all of the information to make an informed decision and so the policy was mis-sold to him.

So as Mr A doesn't agree, the case 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.

Mr A has made a separate complaint to the insurer about the claim settlement he received. So this doesn't form part of my decision. Mr A says he declared a value which he believes he paid a premium for – rather than the market value of his bike. As the insurer sets the price Mr A paid for his cover, he will need to raise this issue with the insurer.

In the absence of the call recording from the sale of the policy, I've looked at the remaining information available. MCE has provided a copy of a script which MCE says its agent would have followed when Mr A called to buy a policy. Key extracts from that script are set out as follows:

'Please be advised in the event of a claim all modified parts will be replaced with standard manufacturers parts only.'

MCE says Mr A would have been given the option to hear further details about the policy and if agreed, would have been advised of the following:

'This is a Market Value policy, we will calculate the cost of replacing your motorcycle with one of a similar make, model, age, mileage and condition. We will use industry publications to obtain the market value of your vehicle immediately prior to the loss.'

If Mr A opted to read the terms and conditions once the documents were received, MCE would have confirmed:

'Please be aware it is your responsibility to read your documents thoroughly.'

I've looked at the policy wording which was sent to Mr A by MCE. The key sections read:

'Market Value

The cost of replacing your motorcycle with one of a similar make, model, age, mileage and condition. We will use industry publications to obtain the market value of your vehicle immediately prior to the loss. In the absence of an industry publications value for your vehicle, we may consider using independent engineers or approved dealerships to obtain a market valuation. Where modifications have been made, we will only pay the cost of replacing parts or equipment needed for your motorcycle to meet the manufactures standard specification.'

And;

'Exceptions to Section 1 of your policy

Your policy does not cover the following:

5. Loss of/or damage to accessories, spare parts or any modifications made to your motorcycle'

So I think MCE gave Mr A a further opportunity after the sales call to review the level of cover he had when he received the policy documents. I think MCE made it clear that in the event of loss or damage to Mr A's bike, the most the insurer would pay is the market value - and doesn't provide cover for modifications.

I understand Mr A will be disappointed. But this means I'm not upholding his complaint as I don't have any evidence to show MCE mis-sold a policy to him.

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 A to accept or reject my decision before 23 May 2022.

Geraldine Newbold
Ombudsman