

The complaint

Mr P complains that QIC Europe Limited declined his claim on his motor insurance policy following the theft of his motor bike. He wants QIC to pay the claim and compensate him for his alternative transport costs. Mr P is represented in this matter by his partner, Ms C.

What happened

Mr P's bike was stolen, and he made a claim on his policy. QIC declined the claim because it said the bike hadn't been stored in a garage as required by the policy. Mr P said the bike was kept in a secured communal garage. He said QIC hadn't defined garage in the policy and so it was unfair to rely on this reason to decline the claim.

our investigator's view

Our Investigator didn't recommend that the complaint should be upheld. QIC said it hadn't defined garage in the policy's terms and conditions provided to Mr P. But the Investigator thought Mr P understood what this meant and that it differed from a communal parking facility. He thought the policy schedule required the bike to be kept in a garage, and 'garage' is defined in the policy and so he thought the term was clear. And so he thought QIC had fairly applied the definition of a garage to decline the claim.

Ms C replied that Mr P had chosen "locked garage" as the best description of where the bike was parked overnight.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr P and to QIC on 16 September 2022. I summarise my findings:

I could understand that Mr P and Ms C felt frustrated by QIC's decision to decline the claim. They explained that this has had a significant financial impact as they can't afford to replace the bike without a settlement and rely on other transport to get to work.

Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably.

QIC said it had declined the claim because Mr P hadn't kept the bike stored overnight in a garage as required by his policy. I could see that in QIC's policy booklet "garage" is defined as:

"a permanent enclosed four-sided structure comprising of three brick, stone, steel or concrete built sides with a roof and a securable door entrance which is your private property (i.e. not a communal parking facility)."

But QIC's agent didn't send Mr P QIC's policy booklet, but its own version that was approved by QIC. So I was satisfied that QIC didn't send its terms and conditions to Mr P to define what it considered to be a "garage", as it had claimed. And I couldn't see that "garage" is defined in the agent's policy booklet.

However, I didn't think this meant that QIC couldn't rely on the garaging term to decline the claim. This was because I thought the requirement was clearly stated elsewhere in the policy documents and I thought Mr P understood this requirement. I explained why I thought this.

Mr P said that when he applied for quotes online he was given only three options for where the bike was to be stored overnight – garaged, on road or on driveway. But I thought Mr P's recollection was incorrect. In a call to QIC's claim handler following the theft, Mr P confirmed that the bike was kept in a secure carpark and he said he had been careful not to put in that it was a garage. So I thought Mr P must have been aware that there were more than three options available to him to choose between.

QIC had lately provided us with the online journey Mr P made when he sought a quote for cover and bought his policy. I could see from this that Mr P applied for cover through an online comparison site for motorcycle insurance. He was asked what the bike's overnight storage was. And he was given six options, including garage and locked compound. Definitions were provided in a pop up box if Mr P required clarification:

Locked garage – a locked structure for housing motor vehicles such as cars or motorbikes. It should be constructed of brick, concrete, steel or stone and on private property. This should be a garage used only for you and people living with you, not a shared garage for multiple residences”.

“Locked compound – A secure site, fenced all the way round and gated, with access only available to key or code holders.”

I thought these were clear definitions that were made available to Mr P. Mr P's bike was kept overnight in a shared car park that was secured, not a locked garage. But Mr P selected “locked garage” and then he was directed to a broker's site and he went on to buy a policy with QIC.

Mr P had obtained seven quotes in all from the comparison site, and some of these quotes were for “locked compound”. So I thought Mr P reasonably understood what was meant by a garage and that this was different to the shared parking facility at his home.

The broker then sent Mr P his policy documents. The Statement of Fact asked:

“Will the vehicle(s) be kept in a locked garage or out building over night?”

And the answer given was “Yes”.

The Motorcycle Policy Schedule included an endorsement titled Garaging Warranty that said, amongst other things:

“5. Loss of or damage to the vehicle is excluded whilst it is parked at the insured's place of residence and/or the declared garaging address unless the motorcycle is kept in a properly constructed and locked garage.”

So I thought the garaging requirement was clearly defined when Mr P took out his policy. I thought it was also made clear in the policy documents that cover was excluded when the requirement wasn't met. I thought Mr P understood what the requirement was when he took out his policy. But he incorrectly stated that the bike would be kept overnight in a locked garage rather than in a locked compound. And so I thought it was fair and reasonable for QIC to rely on the exclusion to decline Mr P's claim. And I didn't think it was responsible for Mr P's subsequent losses.

Subject to any further representations by Mr P or QIC, my provisional decision was that I intended to not uphold this complaint.

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.

Ms C replied that she agreed that Mr P had been provided with six options for overnight storage on the comparison site. But she said that when he was transferred to the broker's site, he was given only three options. And he chose "garaged" as that was what was stated on their tenancy agreement.

Ms C also said Mr P had chosen "road" on the comparison site. Ms C said I was incorrect in stating that Mr P had chosen "locked garage" on the broker's site as this option wasn't available. She said he had chosen "garaged" as the closest option.

But I'm satisfied that this isn't supported by the online journey provided by QIC which has now been shared with Ms C. I think this shows that Mr P chose "locked garage" on the comparison site even though he had also looked for a quote for "locked compound". I can see that this choice was significantly more expensive.

So I think Mr P was aware of what would be defined as a garage, and this wouldn't cover his overnight storage arrangement. And when Mr P was transferred to the broker's site, I think he should have sought advice if he was unsure of the correct option to choose. But he didn't do this and chose "garaged", which was incorrect.

So I remain satisfied that it was fair and reasonable for QIC to rely on the policy exclusion to decline Mr P's claim.

My final decision

For the reasons 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 P to accept or reject my decision before 25 November 2022.

Phillip Berechree
Ombudsman