

The complaint

T has complained about the way claims for two vehicles it owns under two different policies provided by West Bay Insurance Plc were handled. It has also complained that a policy covering one of the vehicles was cancelled.

This complaint was originally incorrectly set up against an agent of West Bay. And any reference to West Bay includes its agents.

T is represented by Mr B, who is a director. Originally the complaint was set up in Mr B's name. But we have changed it to T, as both the vehicles that are the subject of the complaint are or were owned by T.

What happened

Mr B made a claim on behalf of T for damage to a vehicle (vehicle L) belonging to it that was damaged in an accident. The vehicle went to one of West Bay's approved repairers, who I'll refer to as A. Mr B later took the vehicle back to A as he was experiencing problems with the tracking. A carried out a wheel alignment check which it said didn't show any issues. Mr B then contacted West Bay, as he was unhappy with the standard of the repairs. West Bay asked A to contact Mr B to discuss these issues. West Bay has said that when A contacted Mr B he said he had already had the issues rectified and wanted to claim back the cost of this. Although, this was due to a misunderstanding and Mr B hadn't actually had the repairs rectified. West Bay refused to reimburse the cost because A hadn't been given the opportunity to rectify the issues.

In May 2023 West Bay were made aware of an incident involving another vehicle (vehicle B) belonging to T, which was insured under another policy. It sent a request to Mr B to contact it about the incident. As it had not received a response, it sent a follow up letter. As it still didn't hear from Mr B it told T's broker to cancel the policy. Although it later contacted the broker to ask them not to do this, as Mr B had been in contact with it. But it was too late and the policy was cancelled. And, as I understand it, T didn't receive a refund of the remaining premium.

Mr B complained on behalf of T about the policy being cancelled, about the standard of the repairs to vehicle L, the fact that no repairs had been completed on B and about the policy being cancelled. Mr B also complained about the way West Bay had handled a previous complaint.

West Bay issued a final response to Mr B in September 2022. In this it said it didn't think it had done anything wrong in cancelling the policy covering vehicle B. And it said it couldn't consider a claim for the damage to this vehicle and arrange repairs, as it had never received any details of the incident from T. It also maintained that it was right not to pay for the additional work carried out on vehicle L, as Mr B hadn't given A the opportunity to rectify any problems with its repair.

Mr B asked us to consider the complaint points addressed in West Bay's final response. One of our investigators did this. She didn't think West Bay should have cancelled the policy covering vehicle B. She said West Bay should remove any record of the cancellation and

provide a letter saying the policy was cancelled in error. And she said West Bay should pay £500 in compensation for the inconvenience caused by the cancellation of the policy. The investigator also said West Bay should consider a claim for any damage to vehicle B. The investigator went on to say West Bay should review the estimates for repairing vehicle L that Mr B had provided and let Mr B know whether it was willing to pay for the further work required to it.

West Bay agreed the cancellation of the policy covering vehicle B could have been handled better. And it agreed to remove any record of the cancellation and provide a letter confirming it was cancelled in error. But it didn't think it should have to pay the £500 in compensation suggested by the investigator. This was because in its opinion part of the reason the policy was cancelled was Mr B's failure to provide details of the incident in May 2023 or get the driver at the time to do so. And it said it couldn't really see what inconvenience Mr B had experienced.

It explained that Mr B could have raised a claim at any point for vehicle B and implied he could still do so. And it agreed to consider the costs of the rectification work needed to vehicle L if Mr B provided more information about this.

As West Bay wouldn't agree to pay the £500 in compensation the complaint was passed to me.

I spoke with Mr B to establish what the position was on his vehicles and the claims relating to them. He told me that the claim for vehicle B had recently been settled by West Bay with the vehicle being made a total loss.

He told me that West Bay had now assessed the repairs to vehicle L and agreed they weren't completed properly. And he said his contract on this vehicle ended on 1 June 2024 and he had the option to hand the vehicle back to the finance provider. He wanted to do this due to some mechanical issues with it. And he would be due a payment for it, as he has some equity in it. But he has been told by the finance provider that he will receive less due to the poor repairs to it. I asked Mr B to provide evidence of how much less, but he did not provide this.

Mr B also explained that he stored vehicle B on a farm after it was damaged. And he reinsured it after his policy was cancelled. But he has explained that he didn't declare the fact his policy had been cancelled when he did this, as he was aware West Bay hadn't registered the cancellation.

I issued a provisional decision on 19 June 2024 in which I set out what I'd provisionally decided and why as follows:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

From the evidence I've seen, it doesn't seem Mr B told West Bay he wanted to claim for the damage to vehicle B until more recently. He may well have told his broker he wanted to do so when he tried to report the claim. But I can't see West Bay was made aware of this. And it doesn't seem as though the broker was acting for West Bay if and when it received details of the claim from Mr B. In view of this, I'm satisfied West Bay has now done what is fair and reasonable in dealing with this claim and settling it. And I'm not going to ask it to do anything further in this regard.

With regards to vehicle L. It is clear from what Mr B has said and the evidence he has provided that this wasn't properly repaired. And I understand why Mr B didn't want to have A

complete the rectification work in the end, having taken it there on a couple of occasions only to be told there was nothing wrong with the repairs. And if West Bay had been more proactive and carried out a more thorough investigation, such as appointing an engineer to inspect Mr B's vehicle as soon as he raised a concern about the repairs, I think the rectification work would have been carried out long ago. Now it's too late for this to happen, as T's contract for the vehicle has ended. And T has to give it back and is likely to receive less from the finance provider than it should do. In view of this, I consider it is fair and reasonable for West Bay to cover this loss. So, Mr B should provide evidence of the amount the finance provider has or will deduct due to the poor repairs when he returns vehicle L and West Bay should pay T this amount if Mr B provides this evidence.

Mr B will obviously have to give the vehicle back to the finance provider in the near future and this means that there will be a period he will be without a suitable vehicle until T receives the settlement amount from West Bay and Mr B sources another vehicle. So, I consider it fair and reasonable for West Bay to cover the cost of a hire vehicle of the same make and model or similar to vehicle L for a period of two weeks after West Bay pays T the settlement amount due for the reduction to its value when Mr B hands it back to the finance provider. This is subject to Mr B providing proof of hire. He can either hire the vehicle in T's name and send the bill to West Bay to settle or T can pay the bill and provide the invoice to West Bay, so they can reimburse the cost.

It is clear from the evidence provided and what West Bay has said that T's policy should not have been cancelled. And it was due in part to a failing on West Bay's part that it was. However, other than Mr B having to arrange a new policy for T, which I assume was at a similar cost to his existing one, it didn't cause T a great deal of inconvenience, as vehicle B was off the road. But I do think this warrants a payment of £200 in compensation to T for inconvenience. It does also mean T had to pay out for another policy sooner than should have been the case. So I also think West Bay should reimburse what T paid for its new policy for vehicle B from the point it started to the point the policy that was cancelled early should have expired on a pro rata basis. West Bay should also pay interest on this amount from the date T paid for the new policy to the date of payment.

There was clearly a great deal of inconvenience to T because of the poor repairs to vehicle L, as it meant its work was interrupted by trips to A to have the repairs checked and then when Mr B had to get quotes to put the repairs right. However, no compelling evidence has been provided to show it had a financial impact on T. This having been said, I think it is fair and reasonable for T to receive a payment of £300 to cover the general inconvenience caused by the poor repairs and poor service by West Bay in relation to its claim for vehicle L. My provisional decision

For the reasons above, I've provisionally decided to uphold T's complaint and make West Bay Insurance Plc do the following:

- Pay T an amount to cover the reduction in the value of vehicle L T receives when Mr B hands it back, subject to Mr B providing evidence of this.*
- Cover the cost to T of hiring a replacement vehicle for vehicle L from when it pays T the settlement amount due as above to two weeks after this date.*
- Reimburse what T paid for its new policy for vehicle B from the point it started to the point the policy that was cancelled early should have expired on a pro rata basis. West Bay should also pay interest on this amount at 8% per annum simple from the date T paid for the new policy to the date of payment. This is subject to Mr B providing evidence of the new policy he took out.*

- *Pay T £500 in compensation for inconvenience.*

I gave both parties until 3 July 2024 to provide further comments and evidence in response to my provisional decision.

Mr B responded to say he had paid for the mechanical work needed on vehicle L.

West Bay has provided further evidence in response to my provisional decision. In summary, this shows that it appointed an engineer, who I'll refer to as Mr D, to inspect vehicle L in April 2024. He concluded that it hadn't been properly repaired following the accident giving rise to T's claim and needed rectification work. He also said that the replacement of the left-side front differential was not needed as a result of the accident giving rise to T's claim. He also said that it was satisfied that the alignment on vehicle L was correct after A had carried out the repairs to it.

West Bay also provided a copy of a new final response letter it sent to Mr B on 3 July 2024 in which it offered to cover any financial loss T had suffered as a result of having to return vehicle L without the problems with the repairs to it, which it accepted hadn't been properly completed, being rectified. This was subject to Mr B providing evidence of this loss.

West Bay also offered Mr B compensation for distress and inconvenience.

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.

I've considered the further evidence provided by West Bay, but it doesn't alter my view on the fair and reasonable outcome to T's complaint.

Mr D's report confirms my view that the repairs to vehicle L weren't carried out properly by A. Although, I accept there is insufficient evidence for me to say the alignment issue and the problem with the differential was due to poor repairs or the accident giving rise to T's claim. So, it remains my view that when Mr B hands or handed vehicle L back to the finance provider on behalf of T, T needs to be compensated for anything it loses or lost. This is subject to Mr B providing evidence of the reduction in value as a result of these from the finance company.

I also consider this loss will lead to T being without a vehicle for a couple of weeks while it waits for the settlement, as it won't have as much as it needs to buy a suitable replacement for vehicle L until this point. So, I still think it is fair and reasonable for West Bay to cover the cost of T hiring a suitable replacement vehicle for a period of two weeks after it has returned or returned vehicle L to the finance provider.

It also remains my view that T should reimburse what T paid for the new policy Mr B took out for it to cover vehicle B from the point it started to the point the policy that was cancelled early should have expired on a pro rata basis, plus interest, for the reasons set out in my provisional decision.

And, although I didn't mention it in my provisional decision, I agree with our investigator that West Bay should remove any record of the cancellation of the policy covering vehicle B and provide a letter confirming it was cancelled in error.

I also remain of the view that T should receive two lots of compensation for inconvenience as set out in my provisional decision, i.e. £500 in total.

Putting things right

For the reasons set out above and in my provisional decision I've decided to uphold T's complaint and make West Bay Insurance Plc do the following:

- Pay T an amount to cover the reduction in the value of vehicle L T receives when Mr B hands it back as set out above, subject to Mr B providing evidence of this.
- Cover the cost to T of hiring a suitable replacement vehicle from when it returns or returned vehicle L to the finance provider to two weeks after this date.
- Reimburse what T paid for its new policy for vehicle B from the point it started to the point the policy that was cancelled early should have expired on a pro rata basis. West Bay should also pay interest on this amount at 8% per annum simple from the date T paid for the new policy to the date of payment. This is subject to Mr B providing evidence of the new policy he took out.*
- Remove any record of the cancellation of the policy covering vehicle B and provide a letter confirming the policy was cancelled in error.
- Pay T £500 in compensation for inconvenience. West Bay must pay the compensation within 28 days of the date on which we tell it T accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

* West Bay must tell T if it has made a deduction for tax. And, if it has, how much it's taken off. It must also provide a tax deduction certificate for T if asked to do so. This will allow T to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

My final decision

I uphold T's complaint and order West Bay Insurance Plc to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 13 August 2024.

Robert Short
Ombudsman