

## **complaint**

Mr E has complained about the way MCE Insurance Company Limited dealt with a claim he made under his motorcycle insurance policy.

## **background**

Mr E bought a motorbike insurance policy with MCE. In May 2018 he reported the theft of his motorbike. MCE validated the claim on 24 May 2018.

In June 2018 Mr E complained to MCE about the length of time MCE was taking to settle his claim. He was unhappy with the valuation it placed on his bike and that it refused to provide a valuation for accessories which he said were included in his policy. Mr E paid for his bike under a finance agreement. So he was continuing to make payments until MCE settled the claim.

In July 2018 MCE upheld Mr E's complaint. It said it had changed the terms of Mr E's policy during the year to remove cover for accessories. It believed it had updated Mr E with the change. But it hadn't. MCE increased the valuation sum to £13,697.50. And it provided a separate valuation for his accessories at £441.02.

MCE accepted it caused delay and provided a poor service. It said it would reduce Mr E's excess by £75 to compensate him for this.

Mr E accepted MCE's resolution apart from the level of compensation it offered for distress and inconvenience. Mr E said this wasn't enough. He'd had to use public transport which increased his commute time from half an hour a day to three hours a day. His father passed away while he was dealing with the claim. MCE's poor service added to the upset he was already going through. He spent considerable time on the phone and by email chasing MCE for an update.

Our investigator thought MCE hadn't fairly compensated Mr E for the delay it caused. She thought that if MCE had handled the claim correctly, it would have settled it much sooner. So she thought a fairer level of compensation was for MCE to pay Mr E a total of £200. She said Mr E told us he has a separate excess policy that he can claim from. So she didn't think it was appropriate for MCE to reduce the excess in case this caused problems for Mr E.

The investigator said that if any surplus was owed to Mr E after settling with the finance company, MCE should pay interest on this sum at 8% simple interest.

MCE didn't agree. It said the only delay it caused was dealing with Mr E's complaint – and it dealt with it within the timescales. It believes Mr E would have incurred public travel costs and inconvenience anyway as we've assumed he would have bought a replacement vehicle straight away. MCE said there isn't any evidence to suggest this would've been the case.

It doesn't see how reducing the excess amount by £75 would impact on Mr E's ability to claim his excess back under a separate policy.

The investigator said that it was up to MCE to decide if it wanted to reduce Mr E's excess by £75 – but that overall she remained of the view that it should compensate Mr E by paying him £200 in total.

MCE didn't agree. So the case has been passed to me to decide.

### **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I intend to uphold it.

MCE says that it feels we are penalising it for the time it took to deal with Mr E's complaint. But the point is – had it dealt with his claim correctly – Mr E wouldn't have had cause to complain. And it did uphold Mr E's complaint. So I think it's only fair that it should put things right as it was its poor service that meant it delayed paying Mr E's claim. I don't think it's fair for MCE to say that because it replied to Mr E's complaint within the eight week deadline, this is a valid reason not to consider the overall delay it caused.

Mr E reported the theft claim on 5 May 2018. I agree with the investigator that MCE was in a position to settle Mr E's claim by 15 June 2018. It needed to carry out a second stage validation check due to the sum being over £10,000. This would have been a reasonable period of time to settle a total loss claim.

Mr E was paying a finance company for the purchase of his bike. From MCE's notes I can see these payments fell on 17<sup>th</sup> of the month. MCE says that even if Mr E had a surplus from the finance settlement, it wouldn't have been enough to buy a replacement bike. It feels it's unfair for us to assume Mr E would have done this quickly. It depended on whether the type of bike he wanted was available on the market.

But I think that argument could be used either way. It's just as possible that Mr E would look to replace his bike quickly – particularly given the increase in his commute time from half an hour a day to three hours a day as he had to take the bus instead. Mr E said this cost an additional £5.60 a day.

I think Mr E would have had to mitigate his circumstances up until around 15 June 2018 and this would have been reasonable. Inevitably it's expected that there will be some inconvenience involved when dealing with a claim.

But I don't think MCE's offer of £75 compensation is enough. Mr E had to pay further finance payments as a result of the delay. And I think it's more likely that the level of inconvenience in his commute meant Mr E would've looked to buy a replacement bike sooner.

Mr E's father passed away while he was dealing with his claim with MCE. I understand events such as these are outside the control of the insurer. But – I can understand how MCE's poor service and delay only added to what was already an upsetting time for Mr E.

So I think MCE should increase the compensation it pays Mr E to £200. I think this is fair – taking into account a level of reasonable inconvenience for Mr E if his claim had been dealt with correctly – and to reflect the distress and inconvenience it caused him between June and July 2018.

So I agree with the investigator's recommendations to put things right for Mr E and I uphold his complaint.

### **my final decision**

For the reasons I've given above, my final decision is that I uphold this complaint. I require MCE Insurance Company Limited to do the following:

- Pay Mr E £200 compensation for the poor service and delay it caused. If it has already deducted £75 from Mr E's excess, it should pay the difference of £125.
- If Mr E is owed any surplus from the settlement MCE paid the finance company, it should pay interest on this amount from the date of the claim to the date it either paid Mr E – or the date it pays Mr E.
- Interest should be calculated at a rate of 8% simple interest a year.

MCE Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Mr E accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If MCE Insurance Company Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr E how much it's taken off. It should also give Mr E a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 28 January 2019.

Geraldine Newbold  
**ombudsman**