

complaint

Mr P complains that MCE Insurance Company Limited didn't cancel his motor insurance policy from the date his motorcycle was damaged in an accident.

background

In June 2016, Mr P was involved in a motorcycle accident. He says he tried to avoid a car coming from the opposite direction.

Mr P notified MCE of the accident and it passed his details on to a firm of solicitors. Mr P was unable to claim for damage to the bike on his insurance policy as this only provided cover for third party, fire and theft. The solicitors helped him pursue a claim elsewhere, but this was unsuccessful.

In December 2016 Mr P contacted MCE and cancelled the policy. He complained that MCE had continued to collect his premiums from June to December. He said his motorcycle had been written off in the accident and MCE was aware of this.

MCE said it had no record of Mr P requesting his policy be cancelled before December 2016. It would only cancel a policy if it was in its terms, it was requested or if it imposed a cancellation itself. It said Mr P was still liable for his monthly instalments until December 2016.

I issued a provisional decision on 4 December 2019, where I explained why I didn't intend to uphold Mr P's complaint. In that decision I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. From what I've seen so far, I don't intend to uphold Mr P's complaint. I'll explain why.

MCE had an obligation to act honestly, fairly and in Mr P's best interests. Mr P doesn't think MCE has treated him fairly because it continued to charge him insurance premiums when he could no longer use his motorcycle.

MCE says Mr P contacted it by telephone a few days after his accident but it isn't able to provide a recording of the call. Mr P has sent us a copy of an email he received from MCE on the same date which says it had passed his details on to a firm of solicitors who would contact him about making a claim.

Mr P's policy schedule shows his motorcycle was only covered for third party, fire and theft. This means he wasn't able to claim for damage to his motorcycle on the policy. From what I've been told there wasn't a third party claim against Mr P for the accident. So I don't think MCE is likely to have had any involvement in Mr P's claim, other than referring him to the solicitors.

Without a call recording, I don't know exactly what was discussed when Mr P phoned MCE to inform it of his accident. But Mr P hasn't said that he explicitly asked MCE to cancel his policy at that time.

The policy terms say 'if your motorcycle is considered to be a write off, this insurance policy will end when you accept our offer'. But Mr P didn't claim on his policy, so MCE didn't have the opportunity to declare the motorcycle a write off.

So I don't think MCE would have had reason to cancel the policy before December 2016, when Mr P contacted it again.

Our investigator thought it would be fair for MCE to backdate the cancellation to the date of the accident because MCE wasn't on risk from that point. But I don't think this was the case.

Mr P has told us his motorcycle was taken to a garage following the accident, but it was later returned to him. He's sent us a quotation from the garage to show what it would cost to repair the bike. I can see that the cost of repairing the motorcycle was more than the value showing on Mr P's insurance schedule. So I can understand why he might have thought it wasn't economical to pay for the repairs. He's also said it was declared off the road. But Mr P's insurance policy covered him for third party, fire and theft. So Mr P could still have potentially made a valid claim if, for example, the bike had been stolen after the accident. So I don't agree that MCE wasn't on risk.

I appreciate this has been a very distressing situation for Mr P, who sustained injuries in addition to losing the use of his motorcycle. But I could only uphold Mr P's complaint against MCE if I thought it had done something wrong. And from what I've seen so far, I don't think it has."

I gave both parties the opportunity to respond with any further information they wanted me to consider before I issued my final decision. But neither party as replied with any comments.

my findings

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

As neither party has provided any further information or comments, I see no reason to change my conclusions.

my final decision

For the reasons I've explained, I don't uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 14 February 2020.

Anne Muscroft
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