

## **complaint**

Mr B has complained that additional damage caused by MCE Insurance Company Limited to his motorbike unfairly meant it was written off. Mr B made a claim under his motorcycle insurance policy when his motorbike was stolen and later recovered.

## **background**

Mr B's motorbike was stolen and recovered by police shortly after. He made a claim to his insurer, MCE for the damage to his bike to be repaired.

He complained to MCE as it took too long to deal with his claim. He believed his bike was repairable following the theft - but MCE was responsible for further damage to his bike when it was collected (in transit). It's this damage that Mr B believes caused his bike to be a total loss. He had to use the train while he was without his bike which cost more and he wanted MCE to compensate him for his travel expenses. He also wanted MCE to replace his bike with a new one.

MCE agreed some further damage had been caused to Mr B's bike during transit. But it didn't agree to all of the damage Mr B claimed had happened. The engineer found damage caused by the theft meant his bike was a total loss before transit. It initially offered a market value for Mr B's bike based on one of the motor trade guides – Glass's. It increased the market value by a further £362.50 as the average of Glass's and CAP motor trade guides.

MCE said it usually takes a month to settle claims like Mr B's. As it took longer than this, it paid him for his travel costs after the first month of the claim. And for the delay in settling his claim, it offered Mr B £150 compensation.

Mr B didn't accept MCE's reply or payment to resolve his complaint. He believes the bike was repairable following the theft – but the damage in transit caused it to be written off. So he asked us to look at things for him.

Our investigator felt MCE had settled Mr B's claim reasonably and in line with his policy. The most MCE would pay under a claim was the market value of his bike. As the value it had offered was within the trade guides and consistent with our approach too – he didn't think MCE needed to increase it. The investigator also felt MCE had reasonably covered Mr B's travel expenses.

MCE had shown the costs to repair the disputed damage wasn't enough to push the costs into making his bike uneconomical to repair. So even if MCE agreed to all the disputed damage, the outcome would have been the same - to pay at most the market value of the bike. It did this.

But because MCE admitted some damage had been caused to Mr B's bike after collection, this led to protracted discussion between Mr B and MCE as Mr B lost confidence in MCE. So Mr B spent additional time and effort challenging its decision to write off his bike. For this, the investigator recommended MCE increase the compensation it paid Mr B from £150 to £300.

MCE accepted the investigator's findings and has agreed to increase its compensation to Mr B by a further £150.

Mr B didn't agree. He says MCE told him in a phone call that the main cost which caused his bike to be declared a total loss was due to damage to the steering lock and ignition. These are the areas of damage which he disputes happened as a result of the theft. Mr B feels MCE should carry out those repairs at their own cost. Only then should MCE assess his bike for the theft repairs to consider if it's a total loss. So he doesn't believe MCE are putting things right by compensating him for the damage caused.

So the matter 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 agree with the investigator's recommendations to resolve it.

When Mr B's bike was collected for repair, MCE arranged for it to be inspected. Once an estimate for the repairs was carried out, an independent engineer carried out a desktop review of Mr B's bike and the estimate. The engineer decided the bike wasn't economical to repair. So MCE looked to settle Mr B's claim by paying him the market value of his bike.

I appreciate Mr B doesn't agree the ignition and steering lock was damaged before his bike was collected. He feels the damage to his bike from the theft was repairable at a much lower cost. So he believes the repairs that have caused his bike to be classed as a total loss must have been caused in transit. I've listened to the call recordings. I haven't found that MCE said the damage to the steering lock and ignition pushed the repair costs over the threshold for MCE to economically repair his bike – or that it was responsible for this damage.

I understand Mr B's strength of feeling about this. But the estimated costs to repair the disputed areas of damage weren't significant enough to affect the decision to write off his bike. So even if MCE agreed to all of the disputed damage, the outcome would have been the same. In other words, the non disputed damage to Mr B's bike caused it be declared a total loss anyway. For this reason, I don't think MCE's decision to settle his claim by paying the market value is unfair.

We don't decide a market value for a vehicle. But I've looked at whether MCE's valuation was reached in a fair way and in line with what Mr B's policy says it will pay. MCE increased the market value for Mr B's bike to the average of two main motor trade guides for a bike of a similar age, based on good condition and with similar mileage. This is reasonable and in line with our approach. Mr B says his bike was a limited edition, so it's rare and he had an extended warranty for it and a lock. But his policy with MCE doesn't provide cover for any modifications or extra products Mr B bought to protect his bike. So I don't think MCE needs to pay any more than £7,587.50.

MCE initially said it would pay Mr B £150 compensation for the delay it caused in settling his claim. I don't think this is enough. Because there was some further damage to his bike after it was collected, Mr B lost confidence in MCE as to whether his claim was being properly dealt with. So understandably this led to Mr B challenging MCE on its decision and he feels very strongly that MCE should replace his bike with a new one.

I don't agree that MCE should provide Mr B with a new bike for the reasons I've given earlier. But I think MCE should increase the level of compensation it pays Mr B to reflect the additional worry and trouble the additional damage caused him from £150 to £300.

I think MCE could have settled Mr B's claim sooner and he would have been in a position to buy a replacement bike earlier, so avoiding additional travel costs by train. I think MCE paid Mr B a fair sum to reflect the travel expenses he incurred after the first month as a result of the delay settling his claim, along with the initial £150 compensation it offered.

MCE asked Mr B for his details to make a direct payment for the travel expenses, additional market value settlement and £150 compensation. Mr B didn't accept the additional payment as he didn't agree with MCE. Accepting the payment wouldn't have prejudiced Mr B from bringing his complaint to us. So if MCE hasn't yet paid Mr B these amounts, it can do so by an alternative payment method in order to settle the claim and complaint.

### **my final decision**

For the reasons I've given above, my final decision is that I uphold this complaint in part. I require MCE Insurance Company Limited to increase the compensation it pays Mr B (if it hasn't already paid him) from £150 to £300.

MCE Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Mr B 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.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 2 October 2017.

Geraldine Newbold  
**ombudsman**