

complaint

Mr L complains that MCE Insurance Company Limited held him at fault for a claim made on his motorcycle insurance policy when he was no longer the bike's owner.

background

Mr L sold his bike but didn't tell MCE about the change of owner immediately. In the meantime, the new owner was involved in a road traffic accident. MCE said that Mr L or his son had been involved in the accident. But it later agreed this was wrong and it offered Mr L £300 compensation for the stress this caused. MCE dealt with the claim because it said cover was still in place and it had an obligation under the Road Traffic Act. It said this meant Mr L's No Claims Discount (NCD) was affected. Mr L wanted his NCD reinstated and further compensation.

Our investigator recommended that the complaint should be upheld in part. She thought MCE's offer of compensation for the service issues was fair and reasonable. She thought Mr L should have told MCE sooner when he sold his bike. But she thought the claim shouldn't be recorded against Mr L as it wasn't a true reflection of his driving history because it was settled under the Road Traffic Act. She recommended that MCE should remove record of the claim from Mr L's policy and the Claims and Underwriting Exchange (CUE). It should confirm this by letter and reinstate Mr L's NCD.

MCE replied that it thought the claim was against Mr L's policy and so it should be recorded as such.

my findings

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

I can appreciate that Mr L had a stressful and worrying three months before MCE finally agreed that neither he nor his son had been involved in the accident with his former bike. MCE agreed that its service had been very poor and it offered Mr L £300 compensation for this. I can understand that Mr L doesn't think this can make up for the trouble he was caused. But this amount is in keeping with the level I'd award in similar situations. So I think it's fair and reasonable and I don't require MCE to increase this.

I agree with MCE that if Mr L had promptly told it about the change of the bike's ownership, then this situation could have been avoided. Mr L said he'd tried to do this online without success. He told MCE this a year before he was told about the accident. So I've no doubt that Mr L tried to notify MCE. But he didn't call MCE to cancel the policy until a month later.

So this meant that cover was still in place at the time of the accident. MCE said it was the only company then providing cover. So it was obliged under the Road Traffic Act to settle the claim.

But Mr L wasn't the bike's owner at the time of the accident. He clearly wasn't riding the bike at the time. MCE was obliged to deal with the claim under the Road Traffic Act. But I agree with the investigator that this shouldn't be recorded as a claim on Mr L's policy and shouldn't affect Mr L's driving record. This is because that would be an unfair record of Mr L's driving history. So I think the claim shouldn't be recorded against Mr L on CUE or affect his NCD.

my final decision

My final decision is that I uphold this complaint in part. I require MCE Insurance Company Limited to do the following:

1. Remove the claim from Mr L's policy so that no record of the claim is showing on CUE, and provide Mr L with a letter to confirm this.
2. Reinstate Mr L's NCD.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 26 April 2018.

Phillip Berechree
ombudsman