

complaint

Mr P has complained that the Society of Lloyd's declined a claim he made under his motorcycle insurance policy when his motorcycle was stolen.

background

Mr P's motorcycle was stolen from outside his workplace in November 2016. He immediately reported the incident and supplied Lloyds with all the relevant documents. But Lloyds said that Mr P hadn't complied with a policy endorsement that required the bike to be locked with a D-Lock, Disk Lock or Armoured Chain when left unattended. Mr P felt that this was unfair – his bike had been immobilised, with the steering locked. It was on a secure campus covered by 24 hour security. Additionally he pointed out that the specific endorsement wasn't in the Key Facts document so he assumed that he was insured for thefts of this type. He didn't realise that the endorsement applied at all times when his bike was not in use.

Our investigator agreed that the complaint should be upheld. She also felt that compensation of £100 was due to Mr P for the way his claim had been handled.

Lloyds appealed. It said that the endorsement was clear and that it was Mr P's responsibility to read his policy. It also felt that Mr P had received an acceptable standard of service. It made the point that Mr P wasn't advised that his claim would be paid and that his claim had been assessed and declined within 13 working days.

my findings

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

Lloyds points out that the endorsement/warranty is noted on the back of the policy schedule, which is a single page document. This is true. But the endorsement is found under the heading "Immobilisation Warranty". Lloyds say it's irrelevant what the title is as the wording is clear. I don't agree. I don't think the term immobilisation warranty would be clear to people outside the insurance industry. This might mean that their attention is not drawn to the very significant exclusion from theft cover.

I note too that the Keyfacts document clearly includes cover for loss or damage in the first paragraph. It outlines the significant exclusions or limitations to that cover. It says "loss or damage from theft whilst the ignition keys have been left on your bike". But it doesn't draw a consumer's attention to the fact that there will be no theft cover if the bike isn't secured by an additional lock of specific types. Nor is this set out in the policy document itself under the exclusions to the cover for loss or damage afforded by section 1.

So having carefully considered the policy documentation I'm not satisfied Lloyds did enough to bring this endorsement to Mr P's attention.

Lloyds says that when Mr P reported the incident he said that he would normally have used a lock. From this it concludes that Mr P was aware that he should have used it. I don't agree. Mr P says he was not aware that he needed additional security whenever his bike was parked during the day, but he always secures it with an armoured chain and lock at night. I don't think his interpretation is unreasonable - had Mr P been alerted to the fact that he would have no cover for theft if one of the specified locks wasn't used on his motorcycle

whenever it wasn't being ridden, I'm satisfied that he would have made sure such a lock was in place. As I've explained above, I don't consider the documentation did draw Mr P's attention to this significant policy endorsement.

I've thought too about the service Mr P received. I've listened to initial call Mr P made when he reported his bike stolen. He was asked about what security he had on the bike and he replied that it was the steering lock and the immobiliser. He was told 'that's fine'. The conversation led him to understand that his claim would be processed – he was anxious for that to happen quickly as he explained that he used the bike at least once a week. I think more could have been done to manage his expectations during this call. As Lloyds' position was that there would be no cover if no lock was in use, Mr P could have been alerted to that from the outset. That he wasn't certainly exacerbated his upset some two weeks later when he was advised his claim was declined. I agree that compensation is merited for the upset caused by the handling of the claim.

my final decision

For the reasons given above I uphold this complaint.

I require Society of Lloyd's to:

- Settle the claim in accordance with the remaining policy terms.
- Add interest to the settlement from the date of claim to the date of settlement at the simple rate of 8% per year. If Lloyds considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr P how much it's taken off. It should also give Mr P a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.
- Pay Mr P £100 for the upset caused by the handling of his claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 12 July 2017.

Lindsey Woloski
ombudsman