

## **complaint**

Mr B complained that when he claimed under his motorcycle insurance policy, Ageas Insurance Limited didn't handle his claim properly.

## **background**

Mr B had an accident and Ageas decided that his motorcycle was uneconomical to repair. They offered him its market value less his policy excess, plus an amount for an alarm, immobiliser and tracker (which I'll together call the "security devices") fitted to his motorcycle, taking into account depreciation. They also agreed that he could keep his motorcycle. But if so, they would deduct its salvage value from the market value.

He wasn't happy with Ageas's valuation of his motorcycle including the security devices. He wanted them to reimburse him the full cost of having had those fitted. He didn't agree with Ageas categorising his motorcycle as a Category N loss. And he wasn't happy with their proposed salvage deduction. He also said that the situation had caused him money difficulties. This was because he said he'd incurred extra costs, for transport to work when he couldn't use his motorcycle, and for storing it. Ageas stood by their decision, but they were willing to pay Mr B their settlement amount on an interim basis, while he complained to us. But he didn't want to accept that.

The investigator didn't recommend that Mr B's complaint should be upheld. She thought that Ageas hadn't acted unreasonably. As Mr B didn't agree with the investigator's opinion, his complaint has been passed to me to decide. The investigator also explained to Mr B that he could accept Ageas's market value offer payment while we were considering his case, and it wouldn't prevent him getting more if that's what we decided.

## **my findings**

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

Mr B had an accident in about July 2018 and his motorcycle was damaged. He's told us that he was injured too, and needed to take time off of work, and when he returned to work he had to use taxis to get there. He said he'd got into financial difficulties.

Ageas had their engineer inspect his motorcycle. I see that under his policy Ageas have discretion to decide that his motorcycle was uneconomical to repair but that it was a Category N loss, which means that it could be repaired and sold. They decided that based on their engineer's report.

Ageas then offered him £3,450 for his motorcycle's market value plus an additional £400 for the security devices fitted, less his policy excess of £300. As Mr B still had the motorcycle, they said that their offer was subject to him giving them the motorcycle, with the security devices, undamaged. This was because Mr B said he would remove the security devices if they didn't reimburse him for them in full, and this might inadvertently damage the motorcycle. Alternatively Ageas said that Mr B could keep the motorcycle and they'd deduct the motorcycle's salvage value from their market value offer. This was because they were entitled to keep it and sell it for salvage. They said that the salvage deduction was £1,001. Mr B wanted the settlement payment and to keep the motorcycle, but without any salvage deduction.

Ageas relied on a report by their qualified engineer who'd inspected the motorcycle. Mr B didn't agree with it, felt the engineer was biased as he worked for Ageas, and wanted them to get a second opinion. But I think that the report is a professional opinion which is comprehensive, clear and reasoned. Just because the engineer worked for the insurer doesn't mean it biased. And Ageas aren't under any obligation to get a second opinion.

As the investigator suggested to Mr B it was open to him to obtain a report himself, in case it might contradict Ageas's engineer's report. But he said he wouldn't be able to cover the cost of a report if he couldn't guarantee he would recover the cost. As he didn't obtain an alternative expert report, there's no evidence to contradict Ageas's engineer's report. So on the evidence available to Ageas, I think that they were acting reasonably to rely on the expert report and treat his motorcycle as uneconomical to repair and as a Category N loss.

Under his policy he is entitled to the market value of his motorcycle. He was unhappy with what they offered him for his motorcycle's market value including the security devices. He said that he couldn't find a like for like one for what Ageas had offered him.

We don't decide what a motorcycle or its additional items are worth. But in any event the investigator did check the motor guides that are used to value second-hand motorcycles and which we think are a reliable indication as to value as they're based on nationwide research of motorcycle likely selling prices. The investigator has looked at the trade guides valuations, taking into account the motorcycle's mileage, condition and specification and features and she felt that the market value Ageas offered was fair as it was in line with the trade guides. So I think that Ageas's market value offer is reasonable.

Regarding the security devices, Mr B wanted Ageas to reimburse him the full price of them, pay for them to be professionally removed, or let him remove them at no cost to himself. He said that if he removed it himself the motorcycle might get damaged, though that wouldn't be intentional.

Ageas did at first question whether the security devices were fitted, as Mr B couldn't produce an invoice for their purchase and fitting. However they then accepted that they were there. I don't think that was unreasonable because they're entitled to get proof of that. Ageas offered him £400 for them. Ageas said he wasn't entitled to new devices, only to their value immediately before the incident happened. And I can see that his policy says that the most Ageas will pay is the market value of his motorcycle, accessories and spare parts at the time of the loss or damage. Ageas couldn't prove by invoices exactly how much he'd paid for the security devices. The investigator phoned the person who had installed them on Mr B's motorcycle. He said they'd cost about £500 new. Ageas's engineer advised them that the value of a good quality version of these devices was about £400.

As Mr B's devices were not brand new and were already fitted, I think it was reasonable for them to decide that they wouldn't be worth as much as new ones. And without any different expert evidence produced by Mr B to contradict or challenge the Ageas view, I can't say that's an unreasonable amount for their market value. And I don't think that Ageas are under any obligation to have the devices removed or let Mr B do so.

Mr B was also unhappy about Ageas's proposed salvage deduction if he kept the motorcycle. We think it's reasonable when an insurer pays a market value for a vehicle, that they can keep it and sell it for salvage, as that will often have a value.

So if an insurer agrees to a consumer keeping the motorcycle, we also think that it's reasonable for them to make a deduction from the market value offer to reflect the motorcycle's salvage value. That charge can be a percentage of the motorcycle's market value, but it shouldn't be unreasonably high.

Ageas said that their usual salvage charge for this motorcycle would be 32% of its value, and that they based this on actual salvage prices they'd received. This is what they said motorcycles of this value could be sold for in the open market. It was also close to the salvage value their engineer had advised. But they said they'd reduce this to 26% to try to resolve the matter with Mr B. But Mr B still felt that was too much as he thought that his motorcycle was structurally damaged and shouldn't have been a Category N write off. But for the reasons I've given above, I can't say that Ageas were unreasonable to decide that categorisation. And Ageas have shown that the salvage value they want to deduct here was reasonable. He felt that he would be happier to give Ageas the motorcycle if they scrapped it rather than resold it as he didn't want Ageas to profit from it. But I don't think that it would be reasonable to impose any restriction on what Ageas do in this regard, as I don't think that they have done anything wrong.

I appreciate that the accident and its aftermath will have been upsetting for Mr B, particularly as he's told us he was injured. However, I don't think that Ageas have been unreasonable in how they've handled his claim. It follows that even if Mr B has incurred costs, for transport to work when he couldn't use his motorcycle, and for storing it, I don't think Ageas are liable for that. They've offered him payment of his motorcycle early on, and have explained that accepting it wouldn't prevent him from receiving more, depending on the outcome of his complaint. They realised that this could have helped him with any money worries he might have. So overall I don't think that they have acted unfairly and so I don't ask them to do any more.

### **my final decision**

For the reasons, I've given above it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 8 June 2019.

Rossllyn Scott  
**ombudsman**