

complaint

Mr H complains about a number of things to do with a motorcycle insurance policy he bought. The insurance was provided by Highway Insurance Company Limited although he bought it from an insurance broker.

background

Mr H bought his policy online through an insurance broker. Although he's raised a number of concerns I'll only look at issues that Highway is responsible for in this decision. Anything about the actual sale of the policy, including the sending of policy documents, has to be dealt with against the broker that sold the policy.

Mr H has raised several issues that are capable of being held against Highway;

1. he wasn't happy with the compulsory excess
2. the policy wasn't fit for purpose because the compulsory excess was nearly the value of the moped.
3. the policy is limited to the market value but he's entitled to an indemnity policy.
4. Highway's valuation of the moped was unfair.
5. Highway created unreasonable barriers to making a claim.
6. Highway encouraged him to commit fraud.
7. Highway offered £250 as an interim payment to settle the claim and complaint. They said the claim was still being investigated and suggested further payments would be made but closed the file and refused to make further payment.
8. Highway declared his moped a "write-off" and registered it on CUE (an insurance database).
9. Highway breached the FCA's Outcomes and the Unfair Contract Terms Act.

my findings

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

1. There are two excess amounts clearly set out that total £400 in the event of a claim. And I note that Mr H's declared occupation is one where I would have thought he was well versed with insurance policies. I think it was fair to apply the £400 excess.
2. Because I think the excess was made clear the fact it was almost the value of Mr H's moped isn't of particular relevance. His policy covered much more than the value of his moped and in the event that he had a substantial amount to pay a third party he'd have been covered.
3. The policy, like almost every other policy I've seen, is based on the "market value" of the insured vehicle; this is defined as *the cost at the date of the accident or loss of replacing the insured motorcycle, if possible, with one of a similar make, model, age, condition and mileage. We will usually ask an engineer to give us advice about the market value of the insured motorcycle, refer to guides of vehicle values and any other relevant sources. In assessing the market value, you should consider the amount that could reasonably have been obtained for the insured motorcycle if you had sold it immediately before the accident, loss or theft.*

I think this is clear and as long as Mr H's moped was valued on a market value basis then Highway has acted fairly.

4. I think Highway's valuation was fair. They asked for an engineer's opinion and it was reported that the vehicle was worth £550. An E-bay advert was placed at £420.00. We look to see what Mr H would have had to pay for a comparable vehicle at a reputable dealer immediately before the date of the theft. We look at the motor trade guides for valuing second hand vehicles. The only guide that returned a value said the moped was worth £450. So Highway's offer of £550 is reasonable.
5. I don't think Highway put barriers up to Mr H making a claim. He made Highway aware that he suffered from anxiety and Highway could have been more sensitive. But they've offered a small amount of compensation and I think that's fair.
6. Highway's claim handler offered advice during the theft report on the basis of the information provided by Mr H. I don't think this was encouragement to commit fraud. Not making a claim is very different from simply reporting a loss; making a claim involves the attempt to recover money or a benefit whereas reporting a loss doesn't – it's simply about giving relevant information. Given the value of Mr H's moped and the excess payable not making a claim was a realistic course of action.
7. Having looked at everything I don't think Highway suggested further payments would definitely be made. It made an offer but on final review didn't think anything was payable. I don't think this was unfair.
8. Highway decided to declare the moped a write-off on the basis that it was of a low value and it had damage that, in an engineer's opinion, would have cost as much as, or more than, the value of the moped. And so I don't think it was wrong for Highway to declare the moped as uneconomical to repair. With such a low value vehicle engineers have appropriate expertise to estimate whether the visible damage would exceed such a low value. And as I imagine Mr H knows from his declared occupation, insurance practice is to register any claim or loss on the Claims Underwriting Exchange (CUE) database. This is industry practice and fair in this case. Highway let Mr H know that he could recover his moped if he wanted to.
9. We look at what's fair and reasonable in the circumstances of each complaint. I haven't seen anything that suggests Highway has dealt with Mr H in any other way than what's in line with industry practice and, importantly, fairly. And the relevant parts of the policy are clear and don't, in my view, cause a significant imbalance between him and Highway. Mr H's main point is about his excess but I've already said that I think this was clear. So I don't think there's anything that contravenes legislation about contract terms being unfair.

Mr H mentioned that he might want an oral hearing. Our adjudicator wrote asking him to clarify if he wanted one. As far as I can see there hasn't been a definitive response. But I've looked at and considered everything to see whether there would be any benefit in holding a hearing. The issues raised in this complaint aren't unusual or complicated. I've dealt with many cases with similar issues, the majority of which relate to the documentation and Highway's decisions. Much fits within industry practice and there are no factual issues that are really in dispute. So, even if Mr H had replied to the adjudicator that he wanted a hearing there isn't anything that I've seen that I think needs either party to explain beyond what they've already done in the information sent to us.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 2 March 2016.

Sean Hamilton
ombudsman