

complaint

Mr M's unhappy that Markerstudy Insurance Company Limited reduced a settlement of a claim on his motor bike insurance policy and with the way it's handled the claim including delays.

background

Mr M insured his motorcycle on an agreed value basis for social, domestic and pleasure purposes. On the day in question he rode the bike from his home, engaged its security features and parked it near his work. He intended to go on it on a social excursion with a motorcycle club that evening. When he returned later in the day he found it'd been stolen.

Markerstudy reduced the settlement paid to Mr M as it considered he'd used his bike for commuting to work which wasn't covered by the policy. It reduced what it paid in proportion to the difference between the premium he'd paid and what he would've paid if commuting cover had been included.

Our adjudicator felt this complaint should be upheld. In summary she said:

- During the inception phone call Mr M's broker went through a quotation for his motorbike. Mr M was already insured with the broker and details of the bike's use weren't discussed in any detail. Mr M had cover for social, domestic and pleasure use on his existing policy and the Markerstudy policy was arranged on the same basis. When asked if he'd be using the bike for work Mr M said no.
- On the day of the theft Mr M was using the bike purely for social domestic and pleasure purposes. The only reason he took the bike on that day was because he was using it for a motorcycling event later that day. He was travelling to his motor cycle event via his work and the overall purpose of his journey on it was for social domestic and pleasure purposes.
- So, Markerstudy should pay the difference between the bike's agreed value (less the excess) and the settlement paid plus interest. Markerstudy has also agreed to pay £150 compensation for the distress and inconvenience caused by its investigation delays and for sending Mr M incorrect information.

Mr M agrees. He says he was on his way to a social event unavoidably via work. The policy should've been far more explicit if this wasn't covered. If it had been he would've bought the additional cover as he's now done on his policy for a replacement bike.

Markerstudy doesn't agree and has asked for an ombudsman review. It says Mr M drove his bike to work. That's against the terms of the policy even if he did it only once. All information is within the policy schedule.

my findings

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

After the theft Markerstudy instructed a loss adjuster to investigate the claim and interview Mr M. The loss adjuster reported that Mr M "*commutes to work daily on his pedal cycle, so*

would use the insured motorcycle for pleasure". And he noted Mr M had taken the bike into work that day as he'd no other choice as he was going on an organised motorcycle event that evening.

Mr M's policy covered him for social, domestic and pleasure only. But Markerstudy says the policy doesn't cover him going to work.

Although the Certificate of Insurance says, amongst other things "*this policy doesn't cover use to and from any place of business...*" I don't think Markerstudy has shown that this exclusion was adequately brought to Mr M's attention from the start.

There's no mention of anything to do with Mr M's travelling to work in the statement of fact. Most importantly the exclusion for travelling to and from work isn't mentioned at all in the Agreed Value Policy Schedule or Key Facts document sent to Mr M. It also doesn't appear to be mentioned or defined in the actual policy wording.

Taking everything into account I don't think Markerstudy adequately brought this exclusion to Mr M's attention or explained it in any or sufficient detail.

As the loss adjuster accepted, Mr M didn't use his motor bike for commuting and only used it for pleasure. I think that reasonably included his use of it on the day of the theft. As Mr M says he was on his way to a social event unavoidably via work. I think his use of his bike on this day was predominantly for social and pleasure purposes.

And given Markerstudy's failure to adequately highlight and fully explain the exclusion I don't think Mr M can reasonably have been expected to have known that such a one off event as this was in breach of his policy terms.

Consequently I don't think Markerstudy has treated Mr M fairly or reasonably by reducing his settlement as it has done. And I think the adjudicator's proposed resolution of this complaint is fair and reasonable.

I agree that Markerstudy should increase its settlement of Mr M's claim to the full agreed value less the policy excess. The agreed value was £14,000 less the excess of £350. And Markerstudy has already paid £10,850. So, it should now pay Mr M a further £2,800 plus interest.

Markerstudy has also agreed to pay Mr M £150 compensation for the way it's handled some aspects of the claim. That's fair.

Overall I don't see any compelling reason to change the proposed outcome in this case.

my final decision

I uphold this complaint. To put things right Markerstudy Insurance Company Limited should:

1. Pay Mr M a further £2,800 plus simple interest at the rate of 8% a year* from the date the original settlement was paid until the date of settlement; and
2. Pay Mr M £150 compensation.

Markerstudy must pay these amounts within 28 days of the date on which we tell it Mr M 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 8% a year* simple.

* If HM Revenue & Customs requires Markerstudy to take off tax from this interest. It must give Mr M a certificate showing how much tax it's taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 April 2018.

Stephen Cooper
ombudsman