

complaint

Miss N complains about the service Calpe Insurance Company Limited provided to her when a claim was made against her motor insurance policy and the amount it's attempting to claim back under her excess.

background

In July 2016 Miss N was involved in an accident where she accidentally hit a parked motorcycle outside a supermarket. Miss N attempted to find the owner of the motorcycle at the time but was unfortunately unable to. Shortly after, the owner of the motorcycle made a claim against Miss N's policy.

Calpe looked at the claim and settled with the third party acting for the owner of the motorcycle. Calpe said the claim had cost it £3,320. As Miss N had an all sections excess of £3,000 on her policy it attempted to claim this from her. Miss N said there was only minor damage to the motorcycle.

Miss N also complained about the overall service she received throughout the claims process.

As Miss N wasn't happy with Calpe's response to her complaint she referred it to this service.

Our investigator looked into the complaint and thought it should be upheld; Calpe disagreed, so it has now been passed to me to decide.

findings

On 11 January 2018 I wrote a provisional decision on this complaint. I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. In doing so I have separated my findings into the sections below.

excess

The £3,320 claims cost consists of the following:

- *cost of the third party vehicle total loss of £610.00*
- *third party hire costs of £2,436.00*
- *motor engineer fees of £144.00*
- *claims investigation fee of £130.00*

While I appreciate that the low impact of the accident was likely to look as though it only caused a small amount of damage to the motorcycle, the amount Calpe has paid when it was written off was minimal. It's often the case that minimal damage such as scratches and dents can often cost several hundred pounds to have repaired. So I think Calpe would've found the £610 cost presented to them difficult to defend. As a result I think it acted fairly in paying this amount.

Calpe also paid a total of £2,436 (including VAT) to cover hire costs incurred by the owner of the motorcycle. The amount originally requested by the third party was more than double this figure but was successfully negotiated down by Calpe.

I've considered this amount. It's been worked out at £70 (plus VAT) per day for a total of 29 days to include hire charges and related costs. Our investigator didn't think this amount was fair and considered external guidelines when coming to this conclusion.

But I've researched daily motorcycle hire rates. Looking at the cost of hiring a motorcycle I don't think the £70 daily rate that has been negotiated is unreasonable. With this in mind I don't think Calpe would've been successful defending this request, so I don't think it has acted unfairly in agreeing to pay it.

In addition to the write off amount and the hire charges Calpe has also added a motor engineer's fee and claims investigation fee to the cost of the claim.

While I understand it may have had to pay these amounts I consider them a cost of doing business so shouldn't be included as a claims cost. So, I don't think it should pass these costs on to Miss N or record them as part of the overall claims cost against this accident.

Unfortunately even without these claims costs the total claim amount is still over Miss N's £3,000 excess. As the excess is the amount Miss N agreed to be responsible for in relation to a claim I think it is fair for Calpe to request this from her.

service

It's clear there have been some times throughout the claims process when Calpe could've been clearer about what Miss N had to pay and could've given her more regular updates.

But this was a fault claim which means Miss N would always have been responsible for the excess applicable to her policy and the remaining premium outstanding for the year of insurance. So I don't think Miss N has been left financially out of pocket because of anything Calpe did wrong.

Calpe has accepted the service they provided wasn't what Miss N should've expected and sent her £100 compensation in recognition of this. Having looked over the evidence available to me I think this is reasonable and in line with awards made by this service form similar complaints. So I don't think Calpe need to pay Miss N anything further for this."

I gave two weeks for Miss N and Calpe to respond to my provisional decision. Miss N didn't add anything further, Calpe responded.

Calpe didn't agree that the investigator fees and assessor fees should be considered costs of doing business as I had said in my provisional decision. Calpe said the fees were incurred by employing experts and the way they treat these costs are clearly explained within the policy terms and conditions. It also said that because of this approach, and charging a high excess, that Calpe are able to offer its customers lower premiums.

I appreciate charging a higher excess would impact on the insurance premium. But I don't think it's fair to include the costs associated with the handling of a claim to the overall claim amount recorded against the consumer's claim even if it's in the terms and conditions of the policy. I think the way an insurer manages a claim is part of its own costs incurred as a result

of carrying out its role of being the insurer. Miss N has no control over the costs and I don't think they should be recorded against her claim.

Having considered what Calpe has said, its comments don't change my decision. I have also not been provided with any further evidence that changes my decision on this complaint.

my final decision

My final decision is that I require Calpe Insurance Company Limited to remove the costs of the motor engineers and claims' investigation fees from the costs recorded in relation to this claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 2 March 2018.

Terry Woodham
ombudsman