

complaint

Mr M complains that Right Choice Insurance Brokers Ltd didn't alert him to the fact that, under the terms of his motorcycle insurance policy, he would only be entitled to the market value of his bike if it was stolen.

background

Mr M's wife, Mrs M, has dealt with the complaint on his behalf.

Mr M originally took out cover for his motorcycle through Right Choice in September 2015. In April 2016 he bought a new motorcycle and contacted Right Choice to amend the policy. The policy was renewed in September 2016.

On 15 April 2017 the bike was stolen from the garage where it was kept. There was initially a question as to whether it had been kept securely in accordance with the terms of the policy. The underwriter agreed to pay the claim but limited the settlement to the market value of the motorcycle of £10,300 rather than the replacement cost of £12,300.

Right Choice provided recordings of the calls made to add the new motorcycle to the policy in April 2016, during which there was no mention of the basis on which a claim for the loss of the bike would be dealt with. Our investigator concluded that Right Choice hadn't done anything wrong.

Mrs M disagreed. She said Right Choice should have highlighted the fact that the cover only extended to market value, rather than new vehicle replacement cover. She said, if they had known that was the situation, they would have shopped around for a policy that did provide new vehicle replacement cover. Alternatively they would have bought GAP insurance. She asked for an ombudsman to review her case and so it has come to me.

my findings

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

It is standard practice throughout the insurance industry for cover for a stolen vehicle to be limited to its market value. Where additional cover is required, a GAP policy can be taken out or a specific request made for a quote based on new vehicle replacement. So I don't consider that the inclusion of a term specifying '*the most we will pay will be the market value of the vehicle immediately before the loss*' is an unusual condition which Right Choice should have highlighted, either at the time the policy was set up, or when it was updated to cover the new bike Mr M had purchased.

The term is clearly set in the policy booklet. Mrs M says they didn't receive it. I'm satisfied that hard copies of the documentation for the policy were sent to Mr M when it was renewed in September 2015. If he didn't receive it, either because there was a problem sending it by email or because the letter went astray, I would have expected him to follow this up with Right Choice if there were any particular requirements he wanted to check on.

Equally, if Mr M was looking for cover that went beyond the normal 'market value', I would have expected him or Mrs M to tell Right Choice at the time the new motorcycle was put on the policy.

So I can find no reason to ask Right Choice to make up the difference between the settlement offered by the underwriter and the replacement cost of the motorcycle.

Nor do I think Right Choice can be criticised for the way in which the claim was handled. I have no doubt that the initial uncertainty about whether the claim would be met was very stressful in the aftermath of the theft of the bike. I have listened to the recording of the call between Mrs M and Right Choice's adviser, P. The discussion was certainly heated at times, but I don't think P was doing anything more than attempting to explain to Mrs M the situation as it was at the time. Fortunately it was resolved in Mr M's favour. In any event the issues relating to the security of the motorcycle were matters that the underwriters were entitled to investigate, before agreeing to meet the claim. The consideration of and decision relating to the claim rested with them rather than Right Choice, whose role was that of an intermediary.

my final decision

I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 December 2017.

Melanie McDonald
ombudsman