

## **complaint**

Mr G has complained about the amount Society of Lloyd's offered him to settle his motorcycle insurance claim.

## **background**

Mr G's motorcycle was 'written off' in an accident eight weeks after he bought it. He claimed on his policy but was unhappy with the amount Lloyd's offered him to settle his claim. So he claimed on the other rider's policy because that insurer offered him more.

Mr G was unhappy that his policy didn't offer him 'new for old'. This would have meant he could have bought a new motorcycle after the accident. He also didn't think Lloyd's service was good enough and complained to us.

I issued a provisional decision on Mr G's complaint on 28 April 2016 where I explained what I thought Lloyd's needed to do to put things right.

Mr G's policy says if his motorcycle is written off (known as a total loss) it will pay him its pre-accident market value. Mr G said the policies he'd had in the past had given him new for old cover (if written off within the first 12 months from purchase as brand new).

Mr G's policy didn't make clear in the key facts or summary document what he'd be offered in the event of a total loss claim. So I said it was reasonable for him to assume he'd get new for old cover based on his knowledge of his previous policies. Mr G's policy didn't set out what he'd get if his motorcycle was written off until page 11. So I said that wasn't clear enough.

I was persuaded Mr G would have bought a different policy if he'd known his didn't provide new for old cover. So I said the fair and reasonable outcome was for Lloyd's to put Mr G back in the position he would have been in if it had been clear in his policy. I gave Mr G two options:

Option one – For Lloyd's to pay Mr G the difference between the amount he sold his current motorcycle for and what it would cost to buy a new one of the same make and model. This was to a maximum amount of £1,999.

Option two – For Lloyd's to pay Mr G the difference between the amount he accepted from the other rider's insurer and the amount it would have cost him to buy a new motorcycle at that time. That difference was £1,244. I also said Lloyd's should add interest to that amount at a rate of 8% simple per year from the date the other insurer settled the claim to the date Lloyd's makes payment.

In addition to this I accepted that not being able to replace his motorcycle straight away caused Mr G distress and inconvenience. He had to buy a motorcycle he felt was unsuitable and spent time trying to resolve his claim with both Lloyd's and the other driver's insurer.

Mr G accepted my decision and chose the second option. Lloyd's didn't agree. It said Mr G and his broker were responsible for making sure he had the level of cover he wanted. It also said Mr G had claimed from the other rider's policy so hadn't made a claim on his own policy. It said if it was to pay any money to him, it would mean he'd claimed on his policy and this could affect his No Claim's Bonus (NCB).

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so I'm going to uphold it.

Lloyd's said it was the broker's responsibility to make sure Mr G had chosen the right policy. But I've looked at a number of key facts and summary documents for other policies. And it seems to be good industry practice for insurers to highlight what a buyer (in this case Mr G) would get in a total loss claim. A number of policies provided new for old replacement and others - where that level of cover isn't provided - make it clear in the key facts or summary document what the insurer would pay.

I think buyers would want to know what they will get in the event of a total loss claim. And Mr G's policy seems to be unusual in not explaining that in the key facts or summary document. I'm persuaded that Mr G would have bought a policy that did provide new for old cover if he'd known. So, I think the fair and reasonable outcome is for Lloyd's to put Mr G in the position he would have been if it had been made clear.

Mr G chose option two. So I think Lloyd's should pay Mr G the amount set out in option two above as well as £300 to compensate for his distress and inconvenience.

Lloyd's said any additional payment might impact on Mr G's NCB. Mr G accepted this, although I understand his NCB is protected.

## **my final decision**

For the reasons set out above, I uphold this complaint and require Society of Lloyd's to pay Mr G:

- £1,244 as the difference between the amount he accepted from the other rider's insurer and the amount it would have cost him to replace his motorcycle at that time;
- interest on that amount at a rate of 8% simple per year from the date the other insurer settled the claim to the date it makes payment;<sup>1</sup> and
- £300 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 7 July 2016.

Sarann Taylor  
**ombudsman**

---

<sup>1</sup> HM Revenue and Customs requires Lloyd's to take off tax from this interest. UKI must give Mr G a certificate showing how much tax it's taken off if he asks for one.