

complaint

Mr J complains that when he took out a motorcycle insurance policy through MCE Insurance Limited, acting as broker, it was difficult to access the policy documentation because of the number of links involved, and it was not made clear to him that he was required to insure for business use. As a result, when he later made a claim after his motor cycle was stolen, he was charged an additional premium of £163.58.

He also complains that he was not allowed to add a replacement motorcycle to the policy after his claim. He is represented in bringing this complaint by Ms F.

background

Mr J worked as a handyman. He says he was working at one location for a period, and bought a motorcycle to get to and from the property he was working on. In October 2011, he arranged the insurance of his motorcycle through MCE Insurance for "*social, domestic and pleasure purposes and journeys between home and normal place of business*".

His motorcycle was stolen from outside the property he was working on, and he claimed on his policy. The insurer paid his claim, but deducted £163.58 because it said that the way he was using his motorcycle meant he should have insured it for business purposes, for which this amount would have been charged as additional premium. He complained to MCE Insurance.

MCE Insurance said that at no time had it received any query or contact in respect of the cover or the documentation when Mr J took out the policy.

It said that when Mr J took out the policy, its call recording confirmed that Mr J said he was only using his bike to go to one place of work, and only required social, domestic, pleasure and commuting use, and not class one business use.

Finally, it pointed out that in both the policy booklet and the key facts document supplied to Mr J, it was made clear that if a policyholder accepted payment of a claim after his motorcycle was a write off, the insurance would come to an end. That was why Mr J could not add a replacement motorcycle to the policy. But this was a matter for the insurer, for which MCE Insurance was not responsible.

Our adjudicator recommended that this complaint should be upheld in part. She said that if Mr J was experiencing difficulty in accessing links for the policy documentation, he could have contacted MCE Insurance and asked it to clarify the links. However, there was no evidence that he had done so.

Also, whether or not Mr J was able to add another motorcycle to the policy after his claim was a matter for the underwriter, and so he could not consider this as part of the complaint against MCE Insurance.

However, given Mr J's intended use of the motorcycle, she did not consider that he had been asked a sufficiently clear question when taking out the policy through MCE Insurance to make it clear to him that he had to insure for business use rather than commuting. So she considered that MCE Insurance should compensate Mr J by repaying him the additional premium of £163.58 that the insurer had charged him, with interest from the date the claim was agreed.

She considered that MCE Insurance should also pay Mr J £100 compensation for the distress and inconvenience it had caused him when it was not clear that he was guilty of non-disclosure, and because it had not investigated his concerns appropriately at the time he raised them.

MCE Insurance responded to say, in summary, that the deduction of the £163.58 was made by the insurer and its claims handling agent in the course of handling the claim. So it considered that this was a claims matter for which the insurer was responsible, and did not arise from the way the policy was originally sold by it.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I find that I have come to the same conclusions as the adjudicator, and for broadly the same reasons.

If Mr J was having difficulty with the links to the policy documents, he could have raised this at the time with MCE Insurance, but I have seen no evidence that he did so. Also, it is for the insurer to decide the terms on which it will provide cover. The term stating that the policy would end after a write off event was set out prominently both in the policy booklet and the key facts document. So I do not consider that this is a matter for which MCE Insurance was responsible.

However, I am not persuaded that the way the policy was sold by MCE Insurance made it sufficiently clear to Mr J that the way he intended to use his motorcycle constituted business use rather than commuting. I consider that the sales process is the responsibility of MCE Insurance, and so it is reasonable that it should compensate him by repaying, with interest, the additional premium of £163.58 which the insurer has charged him.

I agree that the failure by MCE Insurance to investigate and deal with Mr J's concerns at the time he raised them has caused him distress and inconvenience for which it is right that he should be compensated. I consider that the appropriate figure for this is £100.

my final decision

My decision is that I uphold this complaint in part, and order MCE Insurance Limited to pay Mr J:

1. compensation of £163.58 in respect of the additional premium he was charged;
2. compensation of £100 for the distress and inconvenience he has suffered; and
3. interest on the amount mentioned in 1. above at the annual rate of 8% simple from the date the claim was agreed by the insurer until settlement.

If MCE Insurance considers that it is required to deduct tax from the interest element of my award, it should send Mr J a tax deduction certificate when making payment, which he can use to reclaim the tax, if he is entitled to do so.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr J to accept or reject my decision before 26 March 2015.

Lennox Towers
ombudsman