

complaint

Mr A complains about the offer he received from Markerstudy Insurance Company Limited following a claim against his motor insurance policy.

background

In March 2014, Mr A took out a policy with Markerstudy in relation to his motorbike and gave his address as his girlfriend's grandmother's house. He said that he kept his motorbike in a garage there.

Mr A changed his motorbike in May 2014. Unfortunately, in March 2015, Mr A's motorbike was stolen from his girlfriend's mother's house. He made a claim against his policy. His motorbike hasn't been recovered.

Markerstudy said that the market value of Mr A's motorbike at the time of the loss was £2,100.00. It said it would deduct from that a proportion to reflect that fact that the premium would have been considerably higher if Mr A had told it his correct address when he took out the policy. It thought that Mr A should have told it that he was living at his mother's address when he took out the policy. After making that deduction and deducting the excess of £600 due under Mr A's policy, Markerstudy paid Mr A £9. I understand that he rejected that.

Mr A wants Markerstudy to pay the full value of his motorbike so that he can replace it. He doesn't understand why it's refusing to do that.

The adjudicator said that, on balance, it was reasonable for Markerstudy to conclude that it was unlikely that Mr A's kept his motorbike at his girlfriend's grandmother's address for the majority of the time. She said that Markerstudy's assessment of the market value of Mr A's motorbike was fair. The adjudicator also said that it was fair for Markerstudy to deduct an amount to reflect the fact that Mr A would have been charged a much higher premium if he had given his correct address. Mr A didn't agree with the adjudicator.

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 don't think that Markerstudy treated Mr A unfairly here. I'll now explain why.

The starting point is Mr A's policy. It says that Markerstudy will pay for loss of Mr A's motorbike but that it won't pay more than its market value at the time of the loss. Market value is defined as:

'The cost, in the reasonable opinion of an independent motorcycle engineer, of replacing Your Motorcycle with a motorcycle of the same make, model and pre-loss or damage condition, specification, mileage and age.'

It's not unusual for this type of policy to cap the amount it will pay. These terms were clearly set out in the documents Mr A had when he took out the policy. I think it's reasonable for Markerstudy to be able to rely on those terms.

Our role isn't to provide an exact valuation of Mr A's motorbike but to decide whether Markerstudy's offer was fair and reasonable. I think it was. The values in the trade guides are £2,225.00 and £1,975.00. We find these guides give a fair indication of market value as they're based on nationwide research and actual sales figures, so I think they're both persuasive and appropriate here. The information is gathered from all the sale prices from retailers and dealers so properly and independently detail the market for any motorcycle listed. I think that Markerstudy's valuation of £2,100.00 was fair.

Markerstudy made a deduction from the market value of Mr A's motorbike as it said that the premium it would have charged him would have been much higher if he had given his correct address. I've looked carefully at all that's been said about where Mr A lived and kept his motorbike.

Mr A says that he was living between three homes; his mother's, his girlfriend's mother's and his girlfriend's grandmother's. He says that he kept his motorbike permanently in the garage at his girlfriend's grandmother's address and that he didn't use his motorbike all the time.

I'm afraid there's simply no evidence to support Mr A's contention that he lived at his girlfriend's grandmother's house when he took out the policy. Based on everything I've seen, I don't think it was unreasonable for Markerstudy to conclude that he lived at another address. So, he should have given another address as his home address. That would mean that the premium would have been considerably higher.

We think that where an insurer would have charged a higher premium if it had known the true position, it's fair for it to pay any claim in proportion to the premium that was actually paid. That's what Markerstudy has done here and I don't think it was wrong to take that approach.

my final decision

I'm sorry to disappoint Mr A but for the reasons I've set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 8 February 2016.

Louise Povey
ombudsman