

complaint

Mr H has complained that MCE Insurance Company Limited unfairly deducted an additional excess when he made a claim under his motorcycle insurance policy after his motorbike was stolen.

background

Mr H's motorbike was outside his home when it was stolen. He made a claim to MCE and it told him that because his bike wasn't in a bricked garage at the time of the theft it would deduct an additional excess from the value it would offer him for his stolen bike. It said this was in line with its policy.

Mr H thought this was unfair so he complained to MCE, but it didn't change its decision. So he brought his complaint to us. Mr H said MCE offered him £2,400 for his bike, but then reduced it to £2,000 when he told it where his bike was stolen from.

The adjudicator who investigated it didn't recommend that it should be upheld. She was of the view that MCE had clearly explained in its policy documents and when Mr H bought his policy over the phone about the additional exclusion and that his bike must be kept in a bricked garage when at home. From the call recordings MCE provided, no discussion had taken place about the value of Mr H's bike and MCE said it hadn't yet made an offer to him.

Mr H didn't agree. So the matter has been referred to me to decide.

my findings

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

Mr H bought his policy over the phone. He felt unwell part way through the call so he passed the call to his mother and gave his authority for her to continue to buy his policy on his behalf. Mr H gave instructions to his mother during the call. The call handler then told Mr H's mother the following;

"You have advised the vehicle is kept in a locked garage, if the vehicle is stolen from the home address and not inside the garage the insurer may decide to double the excess of £600 and that will include an additional premium of £100 plus any insurance premium tax and may not deal with the claim"

MCE sent Mr H his policy and a link to access all of his policy documents online. This included his key facts statement, demands and needs statement, along with MCE's terms of business. I know that Mr H received the link as he provided us with a copy of it when he brought his complaint to us. MCE has highlighted its garage clause in its key facts statement and its policy booklet:

“MCE5 – Garaged Vehicle Claus, Increased Excess”

“You have agreed that you will keep your motorcycle in a locked garage or building either at your home address or an address declared and specifically agreed by us when your motorcycle is not being used. If a theft or attempted theft of your motorcycle happens within the proximity of your home address or the garaging address when your motorcycle is not in a locked garage or building, we will double the theft excess. There will also be a claims handling charge of £100.00 (subject to insurance premium tax, where applicable) imposed to cover the additional administrative costs.”

Mr H said that MCE is lying and it never told him about the additional excess. But the information shows that MCE clearly explained the circumstances under which it would deduct an additional excess. And it was Mr H's responsibility to check his documents when he received them. MCE gave him 14 days to change his mind if after reading his policy documents, he no longer wanted it, or wanted to change anything. But he didn't contact MCE and his policy remained as he bought it.

Mr H told MCE when he called to make a claim that he had left his bike outside his home between 12am and 1am as he was going on holiday. He had then fallen asleep and when he next looked out at 5am his bike was gone. He later told MCE that the reason why it was outside his home was because he had moved it from a garage a couple of miles away where he had been storing it due to thefts in the area.

Mr H believes that MCE has been very unfair to him because he paid extra to have his bike secured elsewhere so as to prevent it from being stolen. And he had to leave it outside his home while he was loading it to go on holiday.

The reason why an insurer applies specific exclusions such as having a bike garaged is to limit its liability because of the increased chances of a bike being stolen when it isn't garaged. Mr H left his bike for several hours overnight outside his home which increased the chances of theft. So I think the circumstances under which the theft happened meant that it was excluded from cover under his policy. Consequently I think MCE was reasonable to Mr H when it applied the additional excess.

Further, as Mr H wasn't storing his bike at the address location he gave MCE when he bought his policy, it could have decided to refuse his claim altogether, even if Mr H's reasons for doing so were to make it more secure. I therefore think that MCE has applied its excesses fairly and reasonably and in line with its policy.

Mr H said that MCE offered him £2,400 for the market value of his bike but then reduced this figure due to the additional excess. MCE said that it hadn't discussed a value for Mr H's bike and there's no reference to such a discussion in the call recordings provided by MCE. Mr H is very unhappy about this as he insists this discussion took place. He also said that the adjudicator told him that she had seen evidence of an offer MCE had made to him.

I understand Mr H's upset as he is clear that such a discussion took place. But without anything to show me that MCE gave Mr H an offer for the value of his bike, I can't hold MCE to that amount. Since Mr H asked for a final decision by an ombudsman, he said that he has now received an offer from MCE of £1,200, followed by a further offer of £1,700 which he thinks isn't acceptable.

Mr H's policy says that the maximum it will pay him is the market value of his bike, minus the excesses that apply.

We don't decide the value, but we will look at whether a reasonable valuation has been made. We tend to rely on trade guides, largely because their valuations are based on nationwide research and actual sales figures.

As Mr H is unhappy about the most recent offer that MCE has made to him for the value of his bike, he will need to complain to MCE first so that it has the opportunity to investigate his complaint about this. This shouldn't prevent him from accepting its offer in the interim. I appreciate that Mr H may be disappointed and would prefer me to decide if the valuation is fair and reasonable now. But it wouldn't be fair for me to decide if MCE has been reasonable to Mr H until it has had the opportunity to respond to Mr H's complaint if he feels the offer isn't reasonable, once the excesses have been deducted.

So I think that the deduction of the additional excess by MCE is fair and reasonable and if Mr H isn't happy with the market value offered prior to the deduction of the excesses he will need to raise a separate complaint to MCE about this.

my final decision

For the reasons I've given 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 H to accept or reject my decision before 21 December 2015.

Geraldine Newbold
ombudsman