

The complaint

Company L complained about Tradewise Insurance Company Limited. They aren't happy that a claim was turned down under their commercial motor trade insurance policy.

What happened

L took out commercial motor insurance with Tradewise through their broker. Unfortunately they had to make a claim following the theft of a vehicle and Tradewise turned down the claim. This was because the vehicle was an import and hadn't been registered in the United Kingdom. And claims for vehicles not registered in the UK within 28 days were excluded under the policy.

L wasn't happy about this and thought that the clause wasn't fair and didn't take account of how their business operated. L highlighted that they often dealt with vehicles that were imported and that it can often be difficult to get a vehicle registered in the UK within the specified time frame. As Tradewise maintained its position L complained to this service.

Our investigator looked into this complaint but didn't uphold it. Although she acknowledged that the whole situation must've been very difficult for L, she didn't think that Tradewise had done anything wrong. It had simply relied on a clause in the policy that was brought to L's attention when they took out the policy and was clear in the policy documentation and the key facts document.

As L didn't agree the matter has been passed to me for review.

What I've decided – and why

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 the complaint should be upheld. I'll explain why.

I have a great deal of sympathy for the position L has found itself. They have simply been the victim of crime and had their vehicle stolen. But I have to be fair to both sides. And Tradewise has a specific clause in the policy that excludes theft if a vehicle isn't registered in the UK within a month of purchase or being placed on cover. So I don't think it acted unreasonably in turning down the claim as the vehicle wasn't registered nearly a year later.

As a commercial customer I would expect L to know what insurance cover it required. I understand that L buys vehicles that have been seized by public authorities and some of these are imported. I know L has disputed what imported means and says that it isn't defined in the policy. But I think it is clear that the stolen vehicle wasn't registered in the UK and is what someone working in the motor industry would call an 'import'. Again I would expect L to query this with Tradewise when it took out cover if it had any doubt about this. But the exclusion refers to any '*non United Kingdom registered vehicle*' in any event so I think it is clear.

However, L's main points here is that they weren't aware of the clause; that they weren't able to meet the timescale of 28 days as it could take up to six weeks to register a vehicle in the UK; and that the clause didn't fit with the way it operated its business.

I can see that it can take up to six weeks to register a foreign vehicle in the UK so I can understand L's point. And given the nature of L's business they may not know when a vehicle first came to the UK. But I think it is likely in most cases that it would take less than six weeks to register a vehicle in the UK. And if L took steps to register the vehicle as soon as they bought it then it would've been registered, and so insured, by the time it was stolen.

But L bought this vehicle about a year before the theft and it still wasn't registered in the UK. So it can't be argued that L was acting within the spirit of the policy as it was nearly a year down the line. In any event, as L said, they just weren't aware of the clause as opposed to being unable to get the vehicle registered in time.

I've looked at whether Tradewise did anything wrong here and whether L ought to have been aware of the clause. And I think L should've been aware. I say this as the clause was clear within the policy documentation and as I've said I expect a company (such as L) to take greater care in ensuring any insurance is fit for purpose and covers the way their business operates. I know L argues that the clause wasn't outlined within the statement of fact. But it was in the key facts document (KFD), which gives a helpful summary of the policy and highlights significant exclusions (like this one), so I think the policy documentation was clear enough.

Furthermore, I've listened to the call when L took out the policy with the broker. Although I accept that the questions and discussion around importing vehicles could have been clearer L did say that it didn't deal with imported vehicles. And L didn't correct Tradewise or the broker about the fact that it deals with imported vehicles when they received the policy documentation. And I would've expected them to, given the nature of their business.

Overall, I'm satisfied that L should've been aware that any European vehicle can be used under the policy but has to be registered in the UK within 28 days. I say this as it was clear enough from the telephone call when the policy was taken out; from the policy documentation; and, importantly, it was outlined in the KFD. So, I don't think it is unfair for Tradewise to rely on the clause.

Finally, the clause is on the motor trade policy for a number of reasons including ensuring the vehicle exists and is registered in the UK so it can be traced back to the owner. And, importantly, that the vehicle meets UK standards and is roadworthy - after all Tradewise is responsible for insuring the vehicle while it is used on public roads and if it is stolen.

So, given the nature of L's business I would expect them to ensure that the policy covered their needs. And as I think the clause was clear; that Tradewise didn't want to insure vehicles not registered within a month in the UK; and L had been in possession of the vehicle for nearly a year. I can't say that Tradewise has done anything wrong in turning down the claim in line with the clause, which says it *'...shall not be liable under this Insurance whilst any non United Kingdom registered vehicle is in the custody or control of the Insured or permitted driver, once the vehicle has been in the United Kingdom for a period exceeding 28 days.'*

I know this will come as a disappointment to L, but I have to be fair to both sides. And as Tradewise hasn't done anything wrong here I'm not upholding this complaint.

My final decision

It follows, for the reasons given above, that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 3 July 2020.

Colin Keegan
Ombudsman