

The complaint

Company T has complained that QBE UK Limited (QBE) made a deduction from the market value it paid when T made a claim under its commercial motor insurance policy. This was because the MOT had expired when the car was stolen.

What happened

In April 2020 T made a claim because its car had been stolen. The MOT had expired a while before the theft. QBE made a deduction from the market value it paid because it said this reduced the car's value.

T brought the complaint to us because it was unhappy with the settlement offer; a deduction of 20% which was later reduced to 10%. It wasn't satisfied that the offer reflected the true value of the car.

Our investigator thought that QBE had decided the original market value of the car fairly and in line with the motor valuation trade guides. However, he thought it was unfair that QBE had reduced the market value by 10% because the car didn't have a MOT. Miss T of Company T told our investigator she'd been unable to get a MOT because she'd been shielding at home during the coronavirus pandemic as she had vulnerable children.

Our investigator found that there were minimal advisories on previous MOT certificates and there wasn't any evidence to suggest that the car would have failed a future MOT. So he thought QBE should refund the 10% reduction it had made.

QBE didn't agree it said whether the car would have passed its MOT or not was not a factor in their decision to reduce the settlement offer made; it was because the car wasn't worth as much without a valid MOT certificate. So the matter has been passed to me to decide.

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'm going to uphold T's complaint. I'll explain why.

I'm satisfied that QBE reached a fair valuation based on the trade guides prior to the deduction it made for the lack of MOT certificate. I've checked the various motor valuation guides and I think QBE's offer seems fair. As T seems to have accepted this I don't propose to go over this any further as I think the valuation is fair.

The MOT expired in February 2020 which was before the first national UK lockdown was enforced; so, I understand why QBE didn't consider this in the claims process. I also don't think it was unreasonable for Miss T to have chosen to protect her family given that it was an evolving situation in terms of how the virus affected different groups of society.

Regardless of the circumstances I'd only say it was fair for QBE to deduct 10% from the market value of the car if it could show how that would have affected the car's value. QBE

hasn't provided anything to show that the car wouldn't have passed a MOT or why 10% is an appropriate deduction in this case. I think it is likely that the car would have been put through its MOT once the lockdown was eased and I haven't been provided with anything to suggest that there would be any significant problem with the car.

So, I think QBE should increase the market value by the deduction it made for having no MOT certificate. And I think it should pay interest in line with our usual approach on the 10% difference from the date it paid the claim to the date it pays T.

My final decision

It follows, for the reasons given above, that I uphold this complaint. I require QBE UK Limited to pay T the difference in the market value that it deducted for its car and pay 8% simple interest per year on any outstanding money from the date of claim until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 12 March 2021.

Colin Keegan
Ombudsman