

The complaint

Mr G has complained about Skyfire Insurance Company Limited's decision to decline a claim he made under his car insurance policy following an incident. Skyfire declined Mr G's claim because the MOT on his car had expired.

What happened

Mr G was involved in an incident with another car and he made a claim to his insurer, Skyfire. He collided with another vehicle as he was turning into a car park and accepted fault for the incident.

Skyfire said because Mr G's car's MOT had expired, it wouldn't meet his claim. Mr G complained to Skyfire but it didn't change its decision. So Mr G asked us to look at things for him.

Our investigator considered the relevant insurance guidance and our approach. She explained that the reason why Mr G hadn't prevented the MOT from expiring wasn't the issue in this case.

She said that for Skyfire to show it acted reasonably, it needed to show there was a link between Mr G's car being unroadworthy and the incident. As Skyfire hadn't shown this, she didn't think it had been fair to Mr G and recommended his complaint should be upheld.

The investigator recommended Skyfire consider Mr G's claim under the remaining terms and conditions of the policy.

Skyfire didn't agree. I've addressed its comments in my findings below.

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.

We take into account what the policy says, as well as industry practice and legislation. Skyfire's policy says it will not meet a claim for loss or damage if the car isn't covered by a valid MOT.

The relevant guidance we've applied to this case is from the Insurance Conduct of Business Sourcebook: ICOBS 8.1.2. In summary, this section says an insurer can only decline a consumer claim due to a breach of policy condition if it's material to the loss. For example, as in this case, a condition of the policy is that the vehicle is roadworthy. If an un-roadworthy car is involved in an accident, the insurer can only decline the claim if it can show the issues with the car would have been picked up by a MOT and these issues were connected to the accident.

In response to the investigator's view, Skyfire has referred to the Insurance Act 2015. The Insurance Act 2015 says the insurer can't turn down the claim if the breach didn't increase the likelihood of the loss that actually occurred in the circumstances it occurred. But the onus is on the commercial customer to show that there is no link to the damage that occurred and the breach of the condition.

However, as Mr G wasn't a commercial customer of Skyfire's, I don't think the Insurance Act 2015 applies in this case.

The purpose of the MOT test is to check if a vehicle is roadworthy. Skyfire hasn't provided anything to show that Mr G's wasn't roadworthy and made no attempt to check this when he made his claim. In order to decide Skyfire acted reasonably, I'd need to be satisfied that there was evidence that the incident was most likely caused by the expired MOT. Skyfire hasn't provide any evidence of this.

So I'm upholding Mr G's complaint in line with the investigator's recommendations.

My final decision

My final decision is that I uphold this complaint. I require Skyfire Insurance Company Limited to reconsider Mr G's claim in line with the remaining terms and conditions of the policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 1 December 2021.

Geraldine Newbold
Ombudsman