

## The complaint

Mr M has complained through his representative that Markerstudy Insurance Company Limited turned down his claim under his motor insurance policy for the theft of his car. He's also complained that Markerstudy allowed its salvage agent to sell his car, including the private number plate that went with it. Plus, he's said that the personal possessions in the car went missing.

A second representative did become involved in the complaint at a later stage. But, for the sake of ease, I will just refer to Mr M's original representative in this decision.

## What happened

Mr M contacted Markerstudy to report that his car had been stolen. It had been involved in an accident and caused damage to a parked car. Markerstudy investigated the claim. It eventually turned it down on the basis it was fraudulent. This was because what Mr M had said had happened was different to what the evidence supplied by the police suggested had actually happened.

Mr M asked for his car to be returned to him. But Markerstudy told him it had been collected by its salvage agent from the police pound, classed as a Category S total loss (write-off) and sold.

Mr M complained to Markerstudy about its decision to turn down his claim and about it allowing his car to be sold. He also said he'd lost personal effects that were in the car. Markerstudy wouldn't alter its decision on Mr M's claim. But it did accept it shouldn't have allowed his car to be sold. So it offered him £162 for the car, which it said was what it got from the salvage company, after the fees incurred to get the car from the police compound and the costs involved in investigating Mr M's claim had been deducted. It also offered £300 in compensation for the distress and inconvenience this had caused Mr M. It said it wouldn't pay anything for the personal effects, as Mr M had been sent a letter inviting him to collect his personal possessions before they were disposed of and he hadn't done so. Markerstudy didn't address the issue of the private number plate.

Mr M complained to us with the help of his representative. One of our investigators issued her view on the complaint by email. She said that Markerstudy's decision to turn down Mr M's claim was reasonable based on the evidence it had available. She also thought the amount Markerstudy had offered in compensation for the distress and inconvenience Mr M

had experienced as a result of it allowing its salvage agent to sell his car was reasonable. She also thought what Markerstudy had offered him for his car was reasonable. She did however suggest Markerstudy pay Mr M £298.87 to cover the loss of the private number plate.

Markerstudy agreed to pay the additional £298.97. However, Mr M's representative didn't agree with the investigator. He questioned the evidence Markerstudy had relied on and why

– if Mr M had been involved in a hit and run as Markerstudy seem to be suggesting – he had not been arrested. He explained that he felt Mr M could have got his car repaired and back on the road for a lot less than Markerstudy had suggested. He also raised a concern that Mr M's policy was cancelled without him being provided with a refund of premium.

The investigator responded with further comments. Mr M's representative again suggested Mr M could have got his car repaired at a reasonable cost. And – in view of this – he didn't think £300 in compensation was enough. But he did say Mr M accepted the £298.97 in respect of the private number plate.

The investigator then asked Markerstudy for evidence of what it had received for the salvage. Having reviewed what it provided, our investigator suggested Markerstudy should pay a further £450, as it wasn't appropriate for it to deduct fees charged by the salvage agent. Markerstudy came back to say the fees it had deducted were the ones paid to the police to enable the agent to collect Mr M's car, so it was satisfied they should be deducted.

The investigator then went back to Mr M's representative and explained she still thought the amount Markerstudy had paid Mr M for the car was fair. She also said that she didn't think it needed to pay anything for personal possessions, as Mr M had not taken the opportunity to collect these, despite receiving a recorded delivery letter offering him the opportunity to do so.

As it was clear Mr M and his representatives didn't agree with her on most of the issues Mr M had complained about, the investigator put Mr M's complaint forward for an ombudsman's decision. This is the final stage of our process and the complaint was allocated to me.

I issued a provisional on 1 February 2021 in which I set out what I'd provisionally decided and why as follows:

*I've firstly considered whether Markerstudy's decision to turn down Mr M's claim was reasonable. I think it was. It relied on evidence from the police, which suggested the version of events Mr M had provided was false. And this meant it thought he lied in an attempt to have his claim accepted. Mr M's policy states that if he does this Markerstudy can turn his claim down. And – while I appreciate Mr M and his representatives have questioned the evidence provided by the police - I am satisfied it was reasonable for Markerstudy to rely on it. I say this as it had no reason to doubt it, as it is independent. And it also arranged for an investigator to interview Mr M to check his version of events. And this also led to it having understandable concerns about his evidence. I'm also satisfied Markerstudy was entitled to cancel Mr M's policy without providing a refund of premium, as the terms and conditions also allow it to do this when a policyholder makes a fraudulent claim.*

*Markerstudy accepts it should not have allowed Mr M's car to be sold as salvage. And I agree this was inappropriate and poor claim management. It clearly caused Mr M some distress and inconvenience, as he would have been very upset and frustrated to find this out.*

*This having been said, I agree the £300 Markerstudy has offered in compensation to reflect this is fair and reasonable. This is because, while Mr M may have got his car repaired, once he'd been told it had been sold he knew he couldn't do this. And would have been able to move on and consider other options. So the distress he experienced was limited to some extent. And he was always going to face problems with getting*

*insurance if he'd had his car repaired, due to the incident he'd claimed for and the fact he'd had a claim declined and a policy cancelled due to fraud. He did also experience distress in losing his private number plate, but I still think £300 overall is sufficient.*

*However, I don't think Markerstudy has offered anywhere near enough to cover the financial loss Mr M suffered as a result of it allowing his car to be sold. I appreciate Mr M's representative has questioned the extent of the damage of Mr M's car, And Markerstudy hasn't provided an estimate to show what it would have cost to repair it. But it has classified it as a Category S total loss. And I'm satisfied it wouldn't have done this if it didn't meet the correct criteria.*

*The salvage category of S does mean if Mr M had got his car back, he could have had it repaired. The problem is that it is now very difficult to tell what it would have actually cost Mr M to get this done. But – if he had managed to get it repaired he could have saved himself a considerable amount of money, compared to buying an equivalent replacement car. This having been said, I can't be sure the repairs would actually have cost. But what I do know is Mr M could have, at the very least, sold his vehicle through a salvage agent. And from what Markerstudy's salvage agent got for the car at auction, I think - even allowing for commission to the selling agent, the police fees being deducted and the deduction of claim handling costs, Mr M would have received at least £1,000 net. So, I think Markerstudy should pay him this as compensation for the financial loss he suffered as a result of it allowing his vehicle to be sold. I appreciate this could be less than Mr M would have saved if he had managed to get his car repaired, but I think it is fair and reasonable in the circumstances. This is because I have no appropriate way of estimating what it would have cost Mr M to get his car repaired. And I don't know for sure, if he would have been able to get it repaired.*

*I don't think Markerstudy need to pay anything for the personal possessions in Mr M's car, as he received a recorded delivery letter offering him the option to collect them, but didn't do so. And he was told in this letter they'd be disposed of if he didn't make contact in 90 days.*

*I'm satisfied what Markerstudy has offered for the private number plate is fair, as it is hard to tell what it will cost Mr M to get a suitable replacement and its offer reflects what was paid for it. Plus, Mr M's representative has said he is happy with this amount.*

I then provisionally decided Markerstudy should pay the following to Mr M:

- *£300 as compensation for distress and inconvenience, if it hasn't paid this already.*
- *£298.87 as compensation for the loss of the private number plate.*
- *£1,000 as compensation for the financial loss as a result of it allowing his car to be sold as salvage.*

I gave both parties until 15 February to provide more comments and evidence.

Mr M has provided further comments. He's said that while his claim was still being investigated by Markerstudy he was asked by DVLA whether he'd sold his car because someone else had taxed and insured it. This was despite Markerstudy saying his claim would be paid soon by him receiving the money to buy another car or by him getting a lower amount and his car back. It seems he is suggesting he only continued paying the monthly payments on his policy for a further five months because he was told this. And in the end he had to pay for the whole policy year. He's said he was not charged with reckless driving or arrested by the police following the accident involving his car, despite them saying there was evidence showing he was at the scene. He thinks this shows they

couldn't prove it was him. He admits he got confused with parts of his statement of what happened, but has said this was because he was frightened. He has said he did telephone the police the next day, but couldn't get through. This is in relation to the fact Markerstudy said the police had no record of such a call from Mr M. Mr M has also said he asked the police if he could see the footage of him at the scene of the accident involving his car, but they said his case was closed and couldn't be re-opened. He feels the claim was not dealt with at all well by Markerstudy and that they were very unprofessional. Mr M has also mentioned the personalised number plate he lost when his car was sold was very important to him and he can never get it back.

Mr M has also pointed out that when he applied for a policy he found out Markerstudy had recorded him as making a claim, despite the fact it turned his claim down. He'd like this removed from his record, as it's impacting the cost of car insurance for him.

Markerstudy hasn't provided any more evidence. However, it has said it accepts my award of £1,000 for the financial loss as a result of it allowing Mr M's car to be sold as salvage. It's correctly pointed out it will only have a further £838 to pay, as it has already paid Mr M £162 for this.

### **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.

I've noted Mr M's comments about the incident giving rise to his claim. It's not appropriate for me to comment on the decision taken by the police in relation to this. All I can consider is whether, in light of the evidence available, Markerstudy's decisions to decline his claim and cancel Mr M's policy were reasonable. And I still think they were. There were a number of inconsistencies in Mr M's statement. And the police told Markerstudy that they had a witness placing him at the scene of the accident his car was involved in, along with video footage of him with his car in a different area after the time he said he'd parked it prior to it being stolen. I don't think Markerstudy could be expected to ignore this and the doubt this cast over what Mr M had said. I appreciate Mr M may have been frightened following the incident, but this doesn't alter my view that Markerstudy was entitled to conclude Mr M had made fraudulent statements in support of his claim. The terms of Mr M's policy gave Markerstudy the right to reject his claim and cancel his policy. And these terms also meant Mr M was liable for the full premium. So I don't think Markerstudy had to give him a refund. I do appreciate Mr M was under the impression Markerstudy was going to pay his claim, but I can't see it told him at any point it would definitely be doing so.

I also think it was reasonable for Markerstudy to record on its own system and any appropriate central databases that Mr M had made a claim. It would also be entitled to record anything it paid out for damage to the car Mr M's car hit against this record. Therefore, I won't be telling Markerstudy to remove the record of the claim.

I agree Markerstudy shouldn't have sold Mr M's car or his number plate. This is why I said I'd provisionally decided to make Markerstudy pay him over £1,500 in compensation. And, it remains my view that what I suggested is fair and reasonable overall.

I've noted Markerstudy's query on what Mr M would have got if he'd sold his car through a salvage dealer. But – based on the evidence I've seen, it sold at auction for £1,700 and the costs that would have needed to be deducted would have totalled around £700. So I think my estimate of £1,000 is fair and reasonable.

### **Putting things right**

As I explained in my provisional decision, I think the fair and reasonable outcome to Mr M's complaint is for Markerstudy to pay him the amounts I set out in it, as repeated above.

### **My final decision**

For the reasons set out above and in my provisional decision, I've decided to uphold Mr M's complaint against Markerstudy Insurance Company Limited and award the following to him:

- £300 as compensation for distress and inconvenience, if Markerstudy hasn't paid this already.
- £298.87 as compensation for the loss of the private number plate.
- A further £838 as compensation for the financial loss as a result of it allowing his car to be sold as salvage.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 16 March 2022.

Robert Short  
**Ombudsman**