

The complaint

Mr L has complained that Ageas Insurance Limited has turned down his claim under his van insurance policy for flood damage to his van.

What happened

Mr L has said that his van got stuck in the mud on a track and he had to leave it there in October 2019. The area it was in then flooded and Mr L has said flood water got into the van and damaged the gearbox and engine. He wasn't able to recover the van for around six weeks. But, after he'd done this, he told his insurance broker about the issue and said he may not claim under his policy and just pay to have the van repaired. In the end, he decided to claim on his policy and submitted his claim to Ageas in April 2020. Mr L reported the damage to the van as occurring on 1 November 2019.

Ageas arranged an inspection of the van and the inspecting engineer provided a report. Ageas also obtained rainfall readings for a short period at the end of October and start of November 2019. Its internal notes showed it had noted there was no period of heavy rain or flooding in the period up to the point the damage occurred. Ageas then turned down Mr L's claim. It said the engineer hadn't found any evidence of flood damage to the van.

Mr L complained to Ageas, but it wouldn't alter its decision on his claim. Mr L asked us to consider his complaint against Ageas. One of our investigators did this and concluded Ageas's decision to turn down Mr L's claim was reasonable.

Mr L didn't agree with our investigator. He provided a further report on the damage and thought the evidence supported his argument that his van was damaged by flood water. He thought this meant Ageas should accept his claim.

I issued a provisional decision on 23 February in which I set out what I'd provisionally decided and why as follows:

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

Mr L's policy covers accidental damage to his van. This means if it was damaged by flood water Ageas should meet his claim. I've seen the report provided by the engineer Ageas appointed and I don't think it is anywhere near comprehensive enough to support Ageas's decision to turn down Mr L's claim. The instruction listed by the engineer at the start of it doesn't refer to Mr L reporting damage to the gearbox and engine. This meant the engineer didn't comment on whether the gear box was damaged and, if it was, what the cause of this was. And he didn't comment on whether there was any damage to the engine, for example the wiring in it. All he commented on was the air filter, which he said was debris free and dry. I appreciate he did say he couldn't find any evidence of flood water being in the cab of the van, but I don't think there is any compelling evidence to demonstrate there was no damage to the gear box or wiring at the time Ageas's engineer inspected it. This is because there is no specific comment in his report on the state of the gear box or the wiring. Also, the fact there was no water in the oil or air filter would be

because the engine was never turned over whilst the van was in the flood.

I'm also surprised by Ageas's notes about the lack of heavy rain or flooding in the period leading up to the loss. I say this because it was clear from what Mr L had said that he couldn't be that specific on when the damage actually occurred. And there is extensive evidence on the internet of flooding in the area the van was left in during November 2019.

Mr L has provided a report from a local garage, which inspected his van in March 2021. It has listed the following issues:

- Vehicle will not run/start due to fuse box and wiring damage.*
- Front disc and pads and rear disc and pads severely corroded.*
- Gearbox gear selection not functioning.*
- Rear tail lift not working.*
- Under further investigation differential oil contaminated with water.*
- Items not checked due to vehicle unable to start/run - engine and other electrical components.*

The garage concluded by saying that in their opinion the vehicle is beyond economical repair due to severity of flood damage.

I think this report is based on a much more comprehensive inspection and assessment than the one carried out by Ageas's engineer. Ageas hasn't really disputed the garage's findings. It has instead said that it is so long after the incident Mr L reported that further damage could have occurred to the van in the meantime.

I have noted Ageas's comments. However, it is not Mr L's fault that he wasn't asked to provide a report from a garage on his van prior to March 2021. Also, it is not his fault that the instruction given to Ageas's engineer wasn't detailed enough and that he didn't carry out a full and complete assessment of Mr L's van. So, I don't think Mr L should be penalised for the fact that the report he has provided is so long after the incident he has claimed for. In addition, the garage has identified flood damage and I think it is right to say that this couldn't have happened after Mr L made his claim, because of the places the vehicle has been stored since this time.

In view of what I've said, I think there is sufficient evidence to show Mr L has a valid claim under his policy for damage to his van. And I think Ageas should settle this. It seems from what the garage Mr L asked to inspect his van has said that it's not going to be economic to repair it. And Mr L has told me he has not bought a replacement vehicle as yet. This means

– under the terms of his policy – Ageas will be obliged to pay the market value of Mr L's van at the time it was damaged less the policy excess. I think based on the extent and type of

the damage, the length of time the van has been left since it was damaged through no fault on Mr L's part and what his garage have said, it is fair and reasonable for Ageas to write the van off and pay the market value, less the excess. It will then take possession of the damaged van. I appreciate Ageas might think the van can be economically repaired, but this seems highly unlikely to me and it would always have the option of having this done and selling it if it wanted to. So, it wouldn't then lose out.

The market value as defined in Mr L's policy is the cost of replacing the van with the same make and model and same mileage. I can see from the valuation guides that the

market value of the basic version of the van, without logos on the box, in November 2019 was £7- 8,000. However, it's been over two years since Mr L's van was damaged. And as, in my opinion, Ageas incorrectly turned down Mr L's claim due to an inadequate investigation, I think it is fair and reasonable for it to pay what it would cost Mr L to buy a replacement now, less the policy excess of £300. I've checked the trade guides used for valuing vehicles and the current replacement cost is £9,227.

Mr L has said the box on his van has been vinyl wrapped, so that all his company logo and information is on it. And – because the tail gate is integral to this and the electrics on this are damaged, it won't be possible to move the box across to a new van. So I think it is fair and reasonable for Ageas to pay the cost to Mr L of having the box on his replacement van vinyl wrapped with his logos etc. This is because it represents part of the like for like replacement and is therefore part of the market value, as defined by the policy. Mr L has said he thinks the vinyl wrap cost about £2,000. But he will need to either provide a receipt to show what he paid for this or an estimate for having it done. And then I will award this amount in addition to the market value of a basic replacement.

Because Ageas turned down his claim Mr L was forced to pay for his van to be collected from Ageas's salvage agent. I'm not sure why it ever needed to go to them for it to be inspected, as it could easily have been inspected locally to Mr L or at his address. However, he should not have had to pay to bring it back. He paid £480 for this and he has provided a receipt, so I think Ageas should reimburse this amount with interest at our normal rate of 8%.

I've also noted Mr L has had to pay to store his van, as he had no room to keep it as his address and he couldn't leave it parked on the road without it being taxed and insured. He's provided a bill for storage up to 1 February 2021 of £1,140, which seems reasonable. And I think Ageas should either pay the garage that's been storing the van directly when they arrange collection or give Mr L the money to pay whatever the storage costs are by this point.

I've also noted Mr L hired another van for the period 3 August to 17 October 2020. He's explained this is because he had two vehicles. This meant when his claim was turned down, because he couldn't afford to replace the damaged van, he used his other vehicle to continue his business. But this broke down in August 2020 and he couldn't afford to replace it at the time. Because, he didn't have his second van, ie the one that was damaged, he had to hire a replacement vehicle for a short period of time. I'm satisfied with Mr L's explanation on this and it is clear this cost flowed directly from Ageas's incorrect decision to turn down his claim. The cost of hire was £2,695 and Mr L has provided a paid invoice for this. And I think it is fair and reasonable for me to make Ageas cover this cost, plus interest at 8%.

I also think the inadequate inspection and consideration of Mr L's claim, which led to it being turned down without proper justification, has caused him distress and inconvenience. He's been without his vehicle to use for his business for nearly two years from when he reported it as damaged. He's said the damaged vehicle brought in a lot of business because his company was advertised on it and when he left it parked in different locations people noticed this. So he's potentially lost business, but it's not really possible to quantify this. Mr L has

also had the inconvenience of having to operate a business with one vehicle instead of two. So, I think a substantial payment for the inconvenience of not having this vehicle is warranted. Plus, there should also be some compensation for the distress Mr L experienced in having his claim unfairly refused. I've provisionally decided £1,000 is fair

and reasonable.

My provisional decision

For the reasons set out above, I've provisionally decided to uphold Mr L's complaint and make Ageas Insurance Limited pay the following:

£9,227 - plus the cost of the same vinyl wrap being added to the box as on Mr L's existing van, in settlement of Mr L's claim for his damaged vehicle.

£480 for the cost to Mr L of recovering his vehicle, plus interest at 8% per annum simple from 18 August 2021 when he settled it to the date of actual payment¹.

£2,695 to cover hire costs, plus interest at 8% per annum simple from 17 October 2020 to the date of actual payment.

The storage costs Mr L has incurred for storage his damaged vehicle up to the date Ageas collects it from the garage which is storing it.

£1,000 for distress and inconvenience.

I gave both parties until 9 March to provide further comments and evidence.

Mr L has come back and has commented on the award I made for distress and inconvenience. He's said he would not want to go through what he went through for a lot more than I've awarded. He's also mentioned that, due to the van that was damaged being in storage, he's lost money through not having it for the advertising, let alone all the other duties. And he's asked me to take this into consideration. Mr L has also said he's paid the storage costs up to the date of the invoice he's provided.

Mr L has also provided an estimate for the vinyl wrapping of the new vehicle he gets to replace the one that was damaged. This is for £2,145 plus VAT.

Ageas came back to say it did not have any more comments or evidence to provide.

I then asked Mr L to confirm the VAT status of his company. He's said it is not VAT registered. With this in mind I'd already told Ageas I'd probably increase what I awarded for Mr L's van to £10,000, to reflect the fact the valuation I'd based my award on in my provisional decision didn't include VAT. But, I also had in mind I'd managed to obtain a valuation from a further trade guide, which suggested that Mr L would need to pay around £10,000 to replace his van including VAT.

Ageas hasn't provided any further comments.

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 appreciate having the claim turned down was very stressful and inconvenient for Mr L and that he may have lost income as a result of his van being in storage. However, it is very difficult to know for sure whether Mr L did actually lose income, as there are a number of things that could have affected his business. And in view of this - and the fact we are an informal dispute resolution service - I think to make sure Mr L gets a fair and reasonable outcome it is more appropriate in this particular case to just award compensation for distress

and inconvenience. I appreciate Mr L thinks he should get more than £1,000. But, I consider this to be a significant award and remain satisfied it is appropriate in his circumstances.

As I have already explained, the amount I suggested Ageas should pay after the deduction of the £300 policy excess for Mr L's van didn't reflect VAT. But, I've also managed to get a valuation from another guide at £8,790, including VAT. So – taking an average of the two guides – I think a fair amount for the van is £10,000. This means after the excess is deducted, I think Mr L should receive £9,700 for the basic van. And – as he's provided an estimate for the vinyl wrap of £2,574, including VAT, I think Mr L should receive £12,274 in total in settlement of his claim for his van.

I see no reason to alter what I suggested Ageas should pay Mr L for recovery, hire costs and storage.

Putting things right

For the reasons set out above and in my provisional decision, I've decided to uphold Mr L's complaint and make Ageas Insurance Limited pay the following:

£12,274 in settlement of Mr L's claim for his damaged van. This on the basis the damaged van becomes Ageas's property.

£480 for the cost to Mr L of recovering his van, plus interest at 8% per annum simple from 18 August 2021 when he settled it to the date of actual payment¹.

£2,695 to cover hire costs, plus interest at 8% per annum simple from 17 October 2020 to the date of actual payment.

The storage costs Mr L has incurred for storage of his damaged van up to the date Ageas collects it from the garage at which is storing it.

£1,000 for distress and inconvenience.

My final decision

My final decision is to uphold Mr L's complaint and I require Ageas Insurance Limited to pay him what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 6 April 2022.

Robert Short
Ombudsman

¹ Ageas Insurance Limited must tell Mr L if it has made a deduction for tax. And, if it has, how much it's taken off. It must also provide a tax deduction certificate for Mr L if asked to do so. This will allow Mr L to reclaim the tax from Her Majesty's Revenue & Customs (HMRC) if appropriate.