

The complaint

Mr M is unhappy Skyfire Insurance Company Limited declined his motor insurance claim.

For the purposes of this decision my references to Skyfire also include reference to any of Skyfire's agents.

What happened

On 14 January 2021 Mr M was unfortunately in a road traffic accident.

Mr M contacted Skyfire to report the incident. During the call Mr M let Skyfire know the accident had happened on his way to work.

Shortly after this Skyfire confirmed to Mr M that he would not be covered for the claim as he did not have cover for 'commuting' under his motor insurance policy. Mr M therefore raised a complaint with Skyfire and also expressed his concern that it was not clear to him at the outset that cover for commuting was not included in his policy.

Skyfire didn't uphold Mr M's complaint as they said they had acted fairly in declining the claim. Mr M offered to pay any shortfall in premiums to include commuting in his cover- Skyfire didn't agree to this. Mr M's policy remained in force until the end of its term (15 February 2021) at which time Mr M changed his insurance provider.

Skyfire told this service they paid the third-party insurer £1,626 in costs and said they are entitled to pursue Mr M for these costs. However, Skyfire agreed they didn't help Mr M enough when dealing with the recovery of his car, and so they agreed to pay Mr M the costs (plus interest at 8% simple per annum) of storing his car at the salvage yard, as well as £75 for the inconvenience to Mr M of having to sort this out.

Our investigator did not uphold Mr M's complaint and said Skyfire's approach to settling this matter was reasonable. Mr M disagreed with the investigator's findings and so the complaint was passed to me to decide.

I issued my provisional findings to both parties upholding Mr M's complaint. My findings were as follows:

What I've provisionally 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.

It's not in dispute that the policy Mr M arranged with Skyfire did not include cover for commuting. However, to help decide whether Skyfire have treated Mr M fairly in the handling of this claim I've considered what Mr M has said about when he took out the policy and that he believed he had taken out cover for commuting.

Mr M's submissions are that he thought he'd taken out cover for commuting. He told us he'd

taken out cover for commuting on his previous policies (and he's provided supporting evidence of this). Mr M explained this was the first time he had taken a policy with Skyfire and said the information on Skyfire's website (not the aggregator's website Skyfire mentions below) was misleading, and he didn't see anything in the documentation that said commuting wasn't covered. Mr M said he thought he'd taken out 'comprehensive' cover which was pre-selected on the website and he thought that therefore included everything. He said the other drop-down box was also pre-selected with 'social, domestic and pleasure' and he placed weight on the policy being 'comprehensive' so it therefore covered all eventualities. Mr M told us he works in an industry where there's no requirement to understand insurance so he wasn't aware that he needed to hover over information on the webpage.

Skyfire said Mr M took his policy out through an aggregator website and he was asked on the aggregator site, what do you use the car for? Skyfire said the options displayed alongside this question set out the different levels of cover to choose from with the documentation that was then made available to Mr M making it clear what cover he had.

Skyfire's submissions to this service note that when Mr M first reported the incident to them on 14 January 2021 he told them he was commuting and they let him know that he didn't have this cover under his policy. Skyfire note that Mr M said he was sure he'd included cover for commuting and asked them to check again as he had always taken this out on his previous policies. Skyfire confirmed again that he didn't have this cover. Skyfire said that on 18 January 2021 Mr M called them again to say he thought he had commuting cover and asked if he could pay the difference in premium, which they didn't agree to.

I've reviewed the submissions from both parties and the sample screenshots that have been provided to show the relevant webpages. There's nothing to suggest Mr M deliberately didn't select commuting when making his application for motor insurance. The available documentation does not say he is covered for this – but I'm mindful Mr M's submissions relating to his understanding of the website are consistent and his previous insurance policies appear to have included cover for commuting. Mr M also openly declared to Skyfire that he was commuting at the time of the incident.

Skyfire has confirmed that had Mr M selected commuting as part of his cover they would've accepted his application and still issued him with a policy. A policy including cover for commuting would've cost Mr M £981.75, this was £9.72 more than Mr M's actual policy cost of £972.03.

In view of the above, I am minded to give Mr M the benefit of the doubt on this occasion as his submissions are plausible and in view of the small difference in premiums and his history of taking commuting on his previous motor insurance policies I think it more likely than not that Mr M intended to include cover for commuting under his insurance. Cost was also unlikely to have been a dissuading factor given the difference was less than £10 and Mr M has said he used his car for commuting.

However, in the circumstances I don't think it would be fair for Skyfire to pay for the full claim as Mr M did not pay for the full premium. I therefore believe Skyfire should pay a proportion of the claim reflecting the amount of premium Mr M paid for. This means they should pay for 99% of the claim in line with the terms and conditions of the policy.

It's not clear if Skyfire has already paid Mr M any of the costs associated with the storage of the car. If not, then Skyfire should also pay 8% simple interest per annum, on this element of the claim from the date Mr M paid the storage costs to the date of payment. The £75 should also be paid to Mr M if Skyfire has not already paid this.

In view of this, Mr M is therefore responsible for meeting 1% of the total claim cost.

Responses to my provisional decision

Mr M replied and said the matter had caused him a significant amount of stress, and the declined claim had led to him incurring a number of additional costs to help him manage day to day. While Mr M said he felt he was due further compensation to reflect these things he said he would be happy to settle the matter as put forward in my provisional decision.

Skyfire replied to my provisional decision to say they were disappointed with the findings, but had nothing further to add.

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.

While I'm aware of Mr M's feelings about the impact the issue with the claim has caused him, I've noted his preparedness to accept a resolution based on what I've set out in my provisional decision. I've therefore not considered anything further.

And as Skyfire has also not provided any further submissions or evidence for me to review, I find there is no reason to alter my conclusions as set out in my provisional decision.

That is, I find it more likely than not that given his version of events, Mr M intended to have insurance for using his car to commute to work - this had been included on his previous policies and as there was a small difference in premium to provide cover for commuting there was no financial obstacle to selecting this level of cover. I therefore uphold Mr M's complaint and have set out how Skyfire should now put things right.

Putting things right

As I've said above, Skyfire Insurance Company Limited should pay the proportion of the claim reflecting the amount of premium Mr M paid. So Skyfire Insurance Company Limited should pay 99% of the claim in accordance with the terms and conditions of the policy. And Mr M should meet 1% of the total claim cost.

Neither party confirmed to me if Skyfire Insurance Company Limited had already paid Mr M the costs associated with storing the car or if Skyfire Insurance Company Limited had paid Mr M the £75 compensation.

If they have not already done so, Skyfire Insurance Company Limited should therefore also pay the storage costs and 8% simple interest per annum on the storage costs from the date Mr M paid for these costs to the date of settlement. And pay Mr M £75 if this has not already been paid.

My final decision

For the reasons above, my final decision is that Mr M's complaint is upheld and Skyfire Insurance Company Limited should settle the matter as I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 29 March 2022.

Kristina Mathews
Ombudsman