

The complaint

Mr B complains West Bay Insurance Plc settled his motor insurance claim unfairly.

What happened

In April 2021 Mr B made a claim on his West Bay motor insurance policy. He explained his car wouldn't start because of a flat battery. He left it parked overnight. When he returned the next day all the wheels had been stolen. He said the car was resting on a jack and rocks. The oil sump had been damaged, oil was leaking out. A recovery truck took it to a garage. At the workshop the car wouldn't start. The problem was diagnosed as a seized engine.

West Bay agreed to cover the wheels and damage to the sump as part of the claim. But it said the seized engine wasn't related to the incident, so refused to cover that loss. West Bay made a cash in lieu offer to settle the claim – about £4,200 after deduction of the policy excess. It later increased the settlement to £4,850 after Mr B provided an estimate for the agreed repairs.

In July 2021 West Bay responded to a complaint from Mr B. It said the engine would have had to have been running to seize. Its engineer believed wouldn't be possible if oil had leaked from the sump. So it still refused to cover that damage. West Bay said it wouldn't provide a courtesy car Mr B had asked for. It explained those are only provided when its approved repairers are involved, but Mr B had chosen to use his own repairer. It accepted it could have progressed the claim more proactively. To recognise that it paid Mr B £300 compensation.

Mr B wasn't satisfied so came to this service. He feels the engine damage is related to the claim so should be covered by West Bay. He says its failure to do so has unfairly left him without his own car for a long period, forcing him to take out temporary insurance for another. He wants West Bay to cover storage fees he paid to his own garage. He would like further compensation for the distress, inconvenience and financial loss he's been caused by West Bay's handling of the claim.

In January 2022 our investigator considered the complaint. She didn't recommend West Bay cover the engine damage. She wasn't persuaded it resulted from the theft of the wheels. She felt the insurer could have done more to keep Mr B updated about the progress of the claim. But she was of the opinion the £300 already offered was enough to recognise the impact on Mr B. She said West Bay's refusal to provide a courtesy car was fair and in line with his policy terms. Mr B didn't accept the assessment, so the complaint was passed to me.

In April 2022 I issued a provisional decision. In it I explained why I intended to require West Bay to settle Mr B's claim for damage to the car's engine and pay him an additional £350 compensation. My reasoning for that forms part of this provisional decision, so I've copied it in below. I also invited Mr B and West Bay to provide any further comments or information they would like me to consider before issuing a final decision.

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.

Mr B's policy covers him for loss or damage to his car caused by theft or attempted theft. It also covers the car against malicious damage and vandalism. West Bay's already accepted the wheels and sump damage as covered by the policy. However, in its engineer's opinion the seized engine isn't related to the same incident – so it refused to cover that loss.

Mr B's explanation is that the oil sump was damaged when the car dropped to the ground when its wheels were stolen. He says the car, using temporary wheels, was later loaded on to a recovery truck he had arranged. He says during the recovery the battery problem was fixed and the engine started. He feels the engine then seized due to a lack of oil - it having leaked from the damaged oil sump. So the loss was related to the theft of the wheels and so should be settled as part of the claim.

However, West Bay doesn't accept that order of events. It seems to consider the seized engine to pre-date the theft of the wheels. Its engineer says the engine would need to be running for a seizure. Mr B's own garage seem to agree with that. So that's not in dispute.

West Bay's engineer having inspected the car, noted damage to the sump and leaking oil. But he's of the opinion, if the oil had drained out following the sump being damaged in the incident, it wouldn't have been possible for the car to start. Therefore it couldn't have seized following the incident. West Bay's claim notes show other staff or agents are of the opinion the car would need to have been driven for the engine to reach the temperature required for an oil starvation seize.

Having considered both positions its significant to me that West Bay accepts the sump damage as related to the claim. That means it accepts the sump was damaged as a result of the theft of the wheels. But it doesn't accept the engine seized as a result of the sump damage.

It seems to me that for West Bay to be correct about both would require the engine seizure to pre-exist the theft of the wheels. That would seem to require the car to have broken down due to the engine seizure, rather than a flat battery as Mr B claims. Then for the wheels to have been stolen, resulting in damage to the engine oil sump – something that coincidentally could cause engine seizure of the car if were to be started.

West Bay hasn't persuaded me that's the most likely chain of events. If it's accepted the wheels were stolen and the oil sump was damaged as a result – then it seems more likely the engine seizure happened in the way Mr B describes.

So I think as West Bay accepted the sump damage as related to the incident, it would have been reasonable for it to have at the same time agreed to the engine damage. Because of that I intend to require West Bay to take steps to put things right for Mr B.

I can't currently say what would have likely happened if it had accepted the claim in full initially. The car may have been repaired or perhaps considered a total loss. I don't know if Mr B used the cash in lieu settlement for the sump damage and replacement wheels - or if the engine has been repaired with his own funds. So I don't know the condition of the car now. All this is intended to explain why it's currently difficult for me to suggest a fair resolution for Mr B.

So I invite West Bay to propose one, taking into the current circumstances of the car and the cash settlement already paid. I also ask Mr B to make a proposal. I'll consider whatever I receive before I issue a final decision setting out what West Bay should do.

Mr B's complained about being required to settle storage fees charged by his own garage. West Bay refused to cover them. The policy terms say it will cover such fees if it agrees to do so in writing. I can't see that it did. Instead it offered to collect the car to avoid Mr B being charged further fees. I've considered Mr B's reasons for not wanting to use West Bay's providers. He had seen some bad reviews. However, on balance I'm not persuaded that's a fair reason to require West Bay to cover the fees for storage he arranged.

West Bay's explained courtesy cars are provided by its approved repairers. It says as Mr B chose to use his own repairer and received a cash in lieu payment he wasn't entitled to one. I can't say West Bay failed to follow the policy terms or acted unfairly here.

However, it appears West Bay's failure to accept the claim in full left Mr B without the use of his own car for longer than necessary. He's referred to this leading to a loss of income. He hasn't so far provided any details of that. It seems he had access to another vehicle, although I'm not sure about when or how often. However, overall West Bay's failure to settle the claim in full seems likely to have caused him some additional cost and inconvenience across a number of few months at least.

West Bay's already offered Mr B £300 compensation for unnecessary delay. In the absence of more certain information, but in consideration of the likely inconvenience of him being without his own car, I propose West Bay pays him a total of £650 compensation (so £350 in addition to the £300 already offered).

In response Mr B accepted my proposed outcome. However West Bay didn't. It said it felt the engine damage should be registered and considered as a separate claim to the wheel and sump loss. It said it was a separate incident, so should be considered as so. It also said it was possible a liability claim could be made against the recovery company.

In response I was sympathetic to the idea of a second claim. I felt the engine damage was unlikely to have been directly caused by the loss of wheels but was instead a later indirect consequence. I said however I was concerned a further claim would lead to further delay, considering how long the claim and complaint had been running for already.

So I proposed West Bay record a second claim and reimburse Mr B what he paid for the engine repairs minus a second excess. I said if West Bay felt it necessary to reassure itself the repairs had taken place it could inspect the car and contact Mr B's repairer. I said it could seek to recover costs from the recovery company if it felt that to be appropriate.

West Bay came back to say it didn't expect a second claim to take all that long to decide. It said that was on the basis it had already settled the first claim and Mr B's suppliers co-operate with the investigation.

As I was already sympathetic to the idea of a second claim – and Mr B had said West Bay could contact his mechanic and inspect the vehicle - I said the fair outcome will be for a second claim to be registered and the engine damage to be considered under the terms of the policy. So I said I now intended to require West Bay to do that and pay Mr B a total of £650

compensation (including the £300 already offered). Again I asked Mr B and West Bay to provide any further comments for me to consider before issuing this final decision.

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.

West Bay didn't respond to my latest proposal. Mr B enquired why West Bay wanted to register a second claim. As I set out above it considers the engine damage as a separate incident to the loss of wheels. It feels it didn't have the chance to investigate the damage fully. As a result it wants the opportunity to treat it as a second claim, to consider if it should be paid under the terms of the policy.

I've explained that I agree the engine damage was most likely not directly caused by the loss of wheels, so feel it's fair for it to be treated as a second claim. It will also give West Bay an opportunity to investigate the damage and repairs.

Mr B said he's concerned West Bay will register his car as a total loss. I can't comment on that here as it hasn't happened yet. But if Mr B's unhappy with the outcome of the claim decision he could consider making a further complaint.

I'm still awarding additional compensation to Mr B as West Bay could have avoided some delay and inconvenience to Mr B by originally considering the engine damage as a second claim.

My final decision

For the reasons given above West Bay Insurance Plc will need to:

- consider the engine damage under a second claim against the terms of Mr B's policy and
- pay him a total of £650 compensation (including the £300 already offered).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 8 August 2022.

Daniel Martin
Ombudsman