

The complaint

Mr B complains about how Trinity Lane Insurance Company Limited dealt with a claim on his car insurance policy.

What happened

Mr B was involved in a car accident, so he called his broker to report the claim. Mr B was initially referred to an accident management company (AMC). The AMC said it couldn't deal with Mr B's claim and wrote to Mr B to let him know. The AMC also asked Mr B to get in touch with his car insurer and let him know his car was kept in storage which would be charged for.

Trinity Lane received a third party claim against Mr B's policy so contacted him about the details of the claim. When Trinity Lane reviewed the claim, it said Mr B's car was a total loss and valued it at £1,500, however as it didn't have a valid MOT Trinity Lane deducted 20% of the car's value. Trinity Lane also said there were 40 days of storage which needed paying. Mr B's policy covered him for seven days of storage so Trinity Lane said there £1,112.10 worth of storage fees it would need to pay to collect Mr B's car for him.

Trinity Lane said because of the deductions for the policy excess, lack of MOT and the storage charges from the AMC, that Mr B would owe £162.10 to Trinity Lane. Because of this Trinity Lane said it wouldn't get involved in Mr B's claim. Mr B didn't think this was fair and complained. He said he'd made Trinity Lane aware of the claim and so it wasn't fair to deduct the storage fees from the settlement. Trinity Lane didn't agree so Mr B referred his complaint here.

I issued a provisional decision on this complaint on 6 May 2022 where I said:

"It's not in dispute that Mr B's car suffered a total loss, or how much Trinity Lane valued Mr B's car for. The issue at the heart of this complaint is whether Trinity Lane was told about Mr B's claim and therefore whether it's fair and reasonable to deduct the storage costs from the settlement.

I've considered whether Trinity Lane was made aware of Mr B's claim by him and I'm not persuaded it was. I say this because Mr B called his broker, and the claim wasn't passed onto Trinity Lane. I can also see Mr B was made aware of this by the AMC. So, while Mr B has provided phone records to show the calls he made, they don't show he called Trinity Lane. Trinity Lane has also searched its records for a call from Mr B from the time he said he called and been unable to find one. I'm therefore not persuaded Trinity Lane was made aware of Mr B's claim before the third party contacted them.

Trinity Lane hasn't said where in the policy it says it can deduct the storage costs from the settlement. I've therefore considered whether it is fair and reasonable to do so. In this particular case I'm satisfied it's fair and reasonable for Trinity Lane to say that if Mr B wanted it to recover his car then it would deduct the storage costs. This is because Trinity Lane wasn't made aware of Mr B's claim until the third party contacted them, so it isn't responsible for paying all of the costs. Mr B would also have had the option of recovering his car from storage himself.

However, when looking at Mr B's complaint I can see Trinity Lane has deducted 20% of the car's value due to it not having an MOT. While I agree not having an MOT would affect a car's value, considering you can get an MOT for around £55, I'm not persuaded it's fair and reasonable to deduct £300 from Mr B's settlement purely for not having an MOT. I haven't seen anything to indicate that the car would have needed additional repairs in order to pass an MOT.

I'm therefore satisfied a fair and reasonable deduction for not having an MOT would be £55. If Trinity Lane had done this then Mr B would have been offered a settlement figure rather than telling Mr B he owed them money. Looking at the breakdown of the settlement Trinity Lane offered, and amending the deduction for the car not having an MOT, Trinity Lane would have offered Mr B £1,500 for the market value of his car, minus £55 for not having an MOT, £1,112.10 for storage fees and the excess of £250 which leaves, £82.90 as the settlement for Mr B's claim. Therefore, to settle Mr B's claim Trinity Lane should have offered Mr B £82.90.

I understand that Trinity Lane hasn't dealt with the claim and Mr B has said he hasn't collected his car or knows where it is. If Trinity Lane had offered Mr B £82.90 as it should have done, Mr B would have had the option to decide if he wanted to claim on his policy for £82.90. If Mr B wants to claim and accept this amount in settlement for his claim, then the fair and reasonable outcome is for Trinity Lane to pay Mr B £82.90 and record the claim accordingly."

Mr B didn't respond to my provisional decision by the date requested. Trinity Lane responded and disagreed. It said the policy terms and conditions allow it to decline a claim for not having an MOT. And considering Mr B's car was overdue its MOT, Trinity Lane said it thought it acted fairly and reasonably by deducting 20% of the car's value.

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 considered Trinity Lane's response, but it's not persuaded me to depart from my provisional decision. I say this because while the policy terms allow Trinity Lane to decline a claim when a car doesn't have a valid MOT. It would only be fair and reasonable to rely on this term to decline the claim if the lack of MOT also meant the car wouldn't have passed an MOT, and the reason for failure was material to the accident. As Trinity Lane hasn't shown Mr B's car wouldn't have passed an MOT, I'm not persuaded it would be fair and reasonable to rely on that term to turn down the claim.

My provisional decision, copied above, explains why it's not fair and reasonable to deduct 20% of a car's value for not having an MOT. So, I won't repeat that again. And as Trinity Lane hasn't persuaded me to depart from my provisional decision, I see no reason to change my findings.

My final decision

For the reasons explained above and in my provisional decision, my final decision is I partly uphold this complaint. I require Trinity Lane Insurance Company Limited to pay Mr B £82.90, if he wants to pursue a claim on his policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 June 2022.

Alex Newman
Ombudsman